

CALIFORNIA HEALTH CARE ALMANAC



California Employer Health Benefits Survey

DECEMBER 2009

Introduction

Employer-based coverage is the leading source of health insurance in California, as well as nationally. Therefore, changes in types of insurance offerings, worker cost sharing, and benefits have major implications for millions of Californians. This report presents the highlights of the 2009 *California Employer Health Benefits Survey*. This annual survey is designed to identify changes in employer-based health benefits in the state over time.

KEY FINDINGS FROM THE 2009 SURVEY:

- Health insurance premiums increased 7.5 percent in California in 2009 — compared to a 0.6 percent decrease in overall consumer prices.
- Since 2002, premiums have increased by 117.5 percent, more than four times the 23.1 percent increase in California's overall inflation rate.
- The proportion of employers offering coverage is similar to last year. However, firms that went out of business are not captured in this survey. According to the U.S. Bureau of Labor Statistics, California lost about 760,000 jobs from July 2008 to July 2009.
- Single coverage premiums in California cost \$5,133 annually, significantly more than the national average of \$4,824. Premiums for family coverage were \$13,525.
- California workers contributed \$564 annually for single coverage in 2009, and \$3,398 for family coverage. The contribution for single coverage is less than for workers nationally (\$779).
- Workers in small firms in California contributed significantly more for family coverage than did workers in large firms, with 35 percent paying over half of the total premium.
- Enrollment in plans with a deductible of \$1,000 or more for single coverage has increased significantly for California workers in small firms; it is now at 21 percent, up from 7 percent in 2006.
- Cost sharing may soon increase for California workers. Just under half of large firms (200 or more workers) are "very" or "somewhat likely" to increase the amount workers pay for coinsurance or copayments in the next year. Sixty-three percent are "very" or "somewhat likely" to raise the amount workers pay toward premiums.
- Six percent of California firms indicated they are "very likely" to drop coverage entirely in the next year. In 2008, only 1 percent said this.

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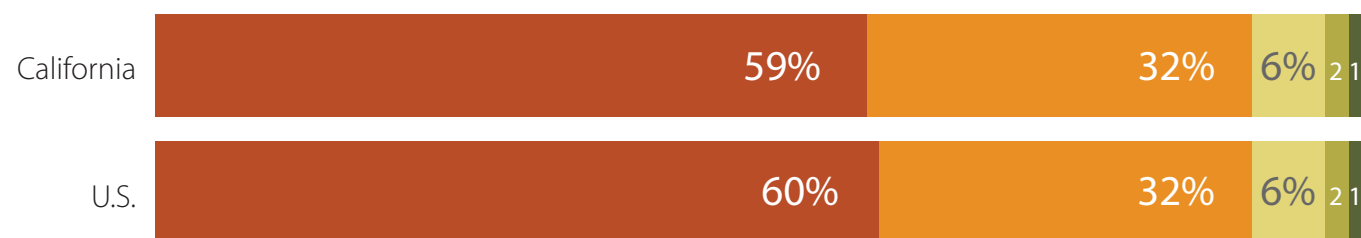
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Covered Workers, Workers, and Employers, by Firm Size, California vs. the United States, 2009*

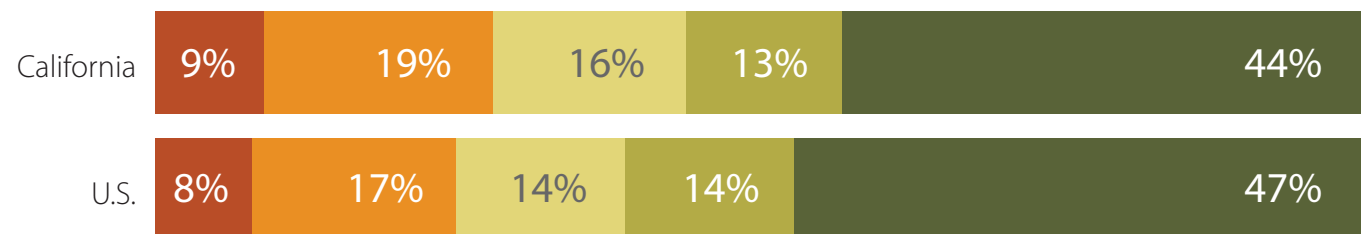
NUMBER OF WORKERS

3–9 10–49 50–199 200–999 1,000+

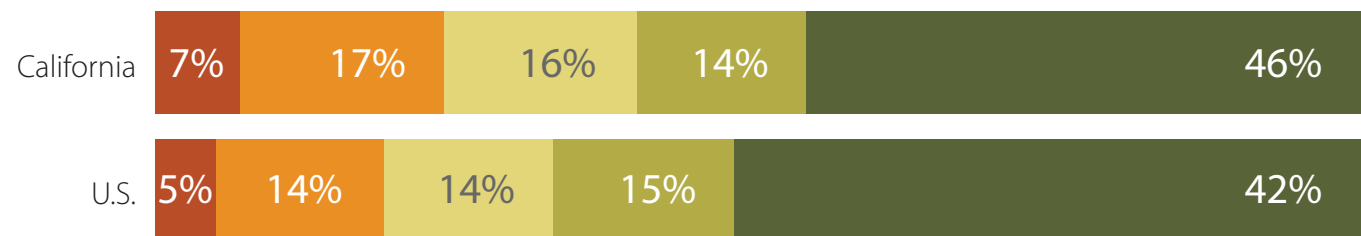
Employers



Workers



Covered Workers



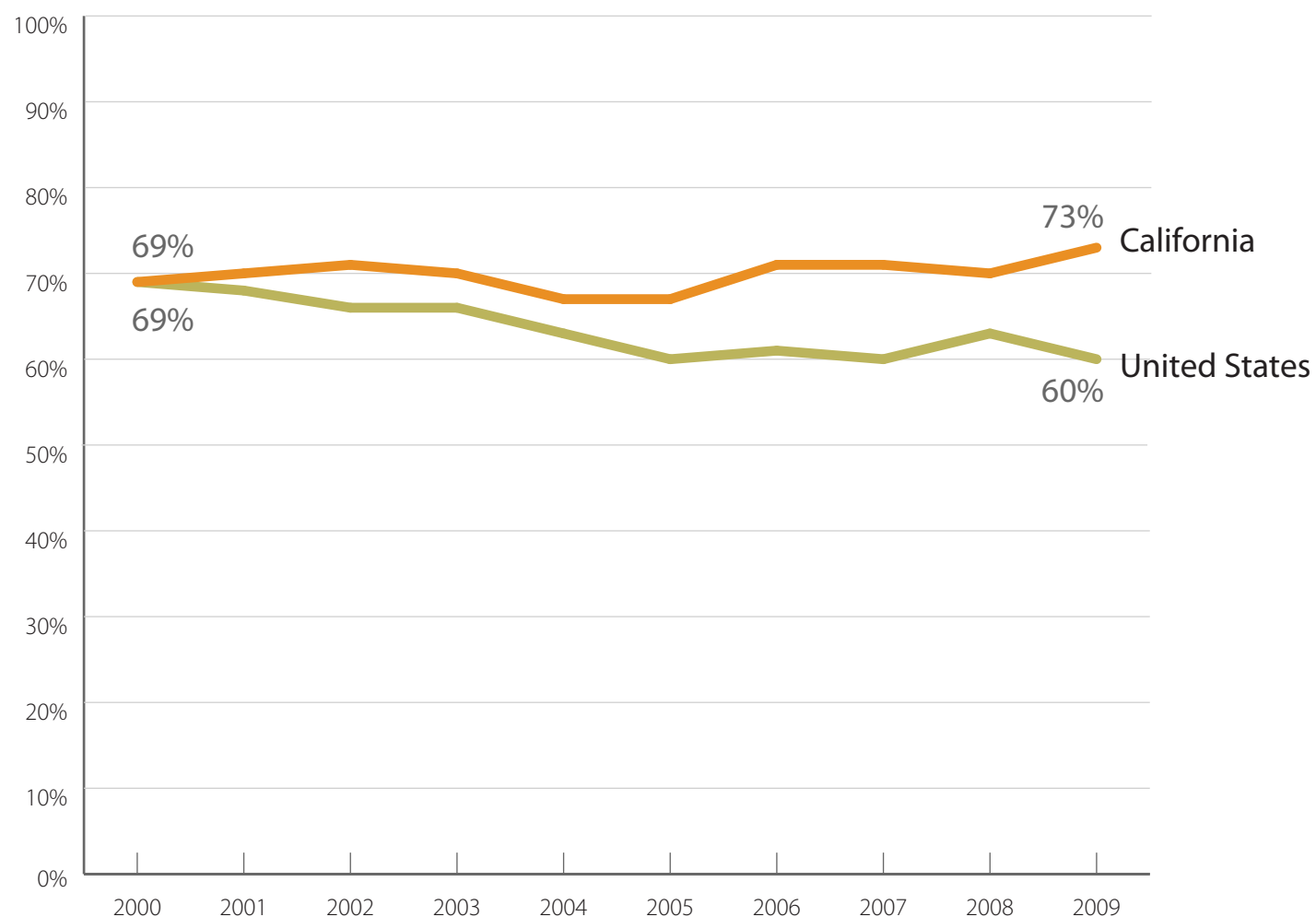
*No significant difference between California and United States.

Note: In this report, numbers may not add up to 100 percent due to rounding.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Ninety-one percent of California firms have 3 to 49 workers. However, employees in these small firms make up just 28 percent of all workers and 24 percent of covered workers. The proportions are similar to the nation as a whole.

Employers Offering Coverage, California vs. the United States, 2000 – 2009*



A higher percentage of California employers offered coverage in 2009 than nationally. In recent years, the offer rate in California has remained statistically unchanged.

*No statistical difference from previous year, but there is a statistical difference between California and the United States for 2009.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2000–2003. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000–2009.

Employers Offering Coverage, by Firm Characteristics, California, 2009

All Firms



Lower-Wage Firms*



Higher-Wage Firms*



Many Part-Time Workers*



Fewer Part-Time Workers*



At Least Some Union Workers*



No Union Workers*



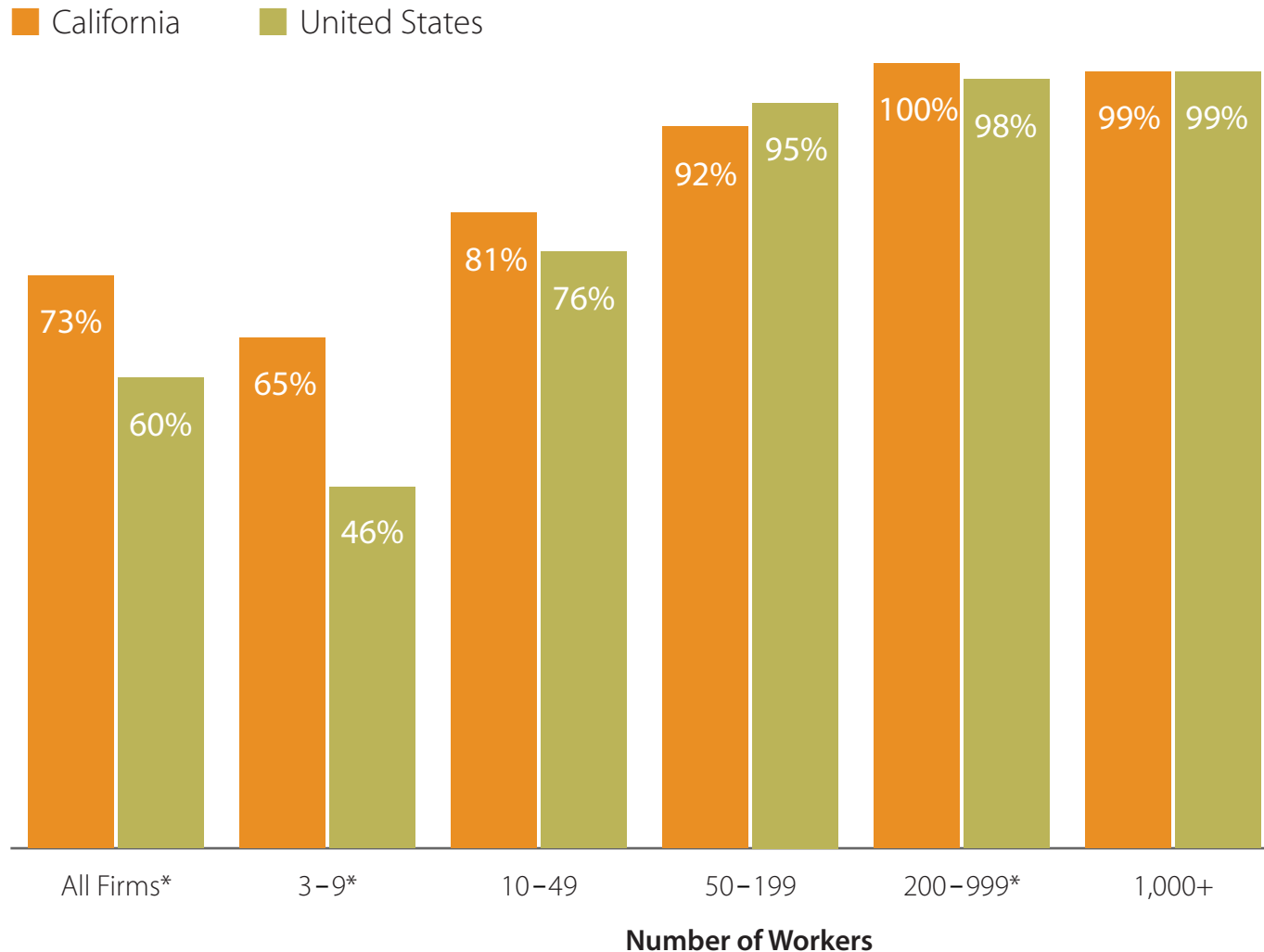
*Statistical difference from all other firms.

Notes: "Lower-Wage Firms" are defined as 35+ percent of the workforce earning \$22,000 or less per year. "Many Part-Time Workers" are defined as 35+ percent of the workforce working part-time, according to employer definition.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

The probability of employers offering coverage varied widely by firm characteristics. Only 39 percent of lower-wage firms offered health benefits in 2009, versus 79 percent of higher-wage firms.

Employers Offering Coverage, by Firm Size, California vs. the United States, 2009



*Statistical difference between California and the United States.

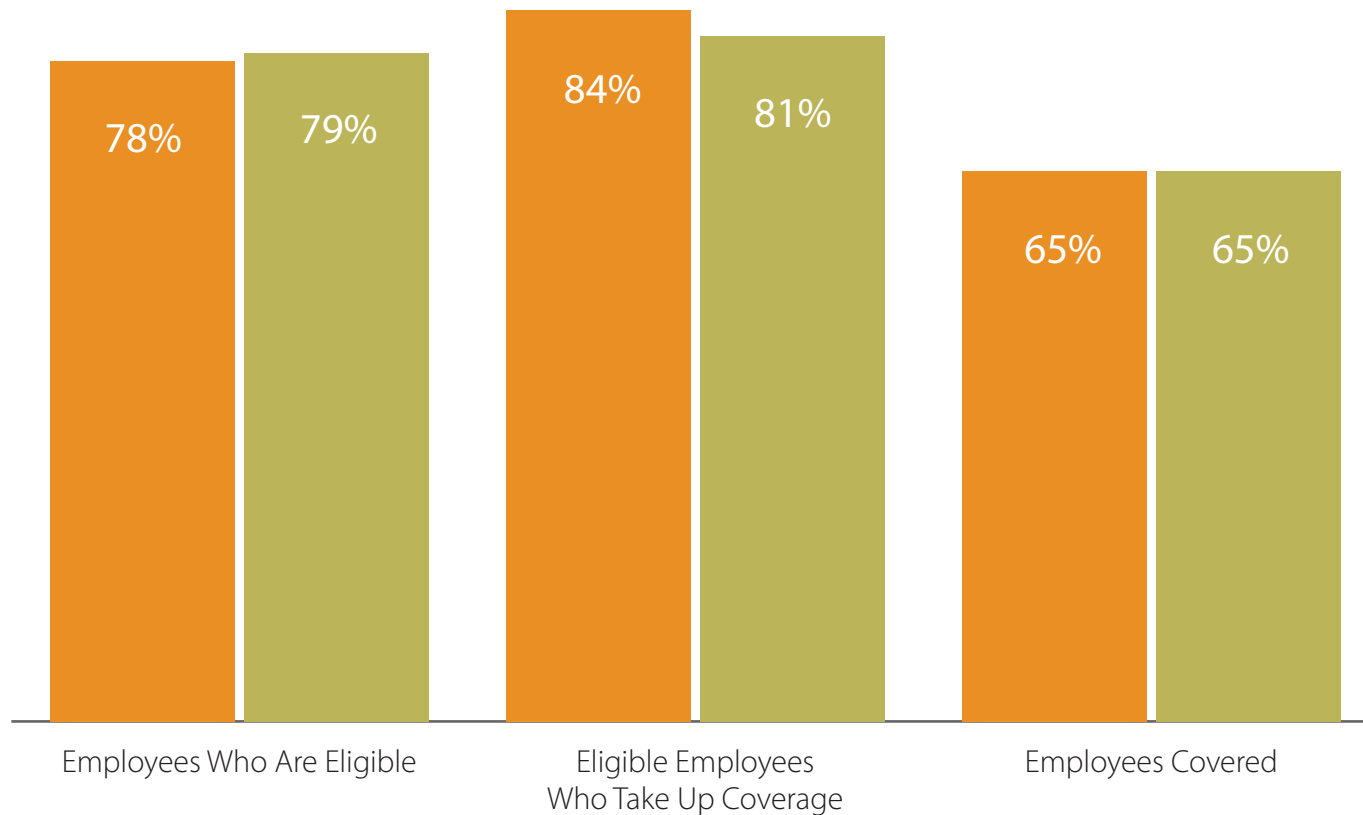
Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Sixty-five percent of California's smaller firms (3 to 9 workers) provided coverage in 2009, a significantly higher rate than nationally. Offer rates for other firms sizes were generally comparable in California and the United States.

Employee Eligibility, Take-Up Rates, and Coverage, California vs. the United States, 2009*

California

United States

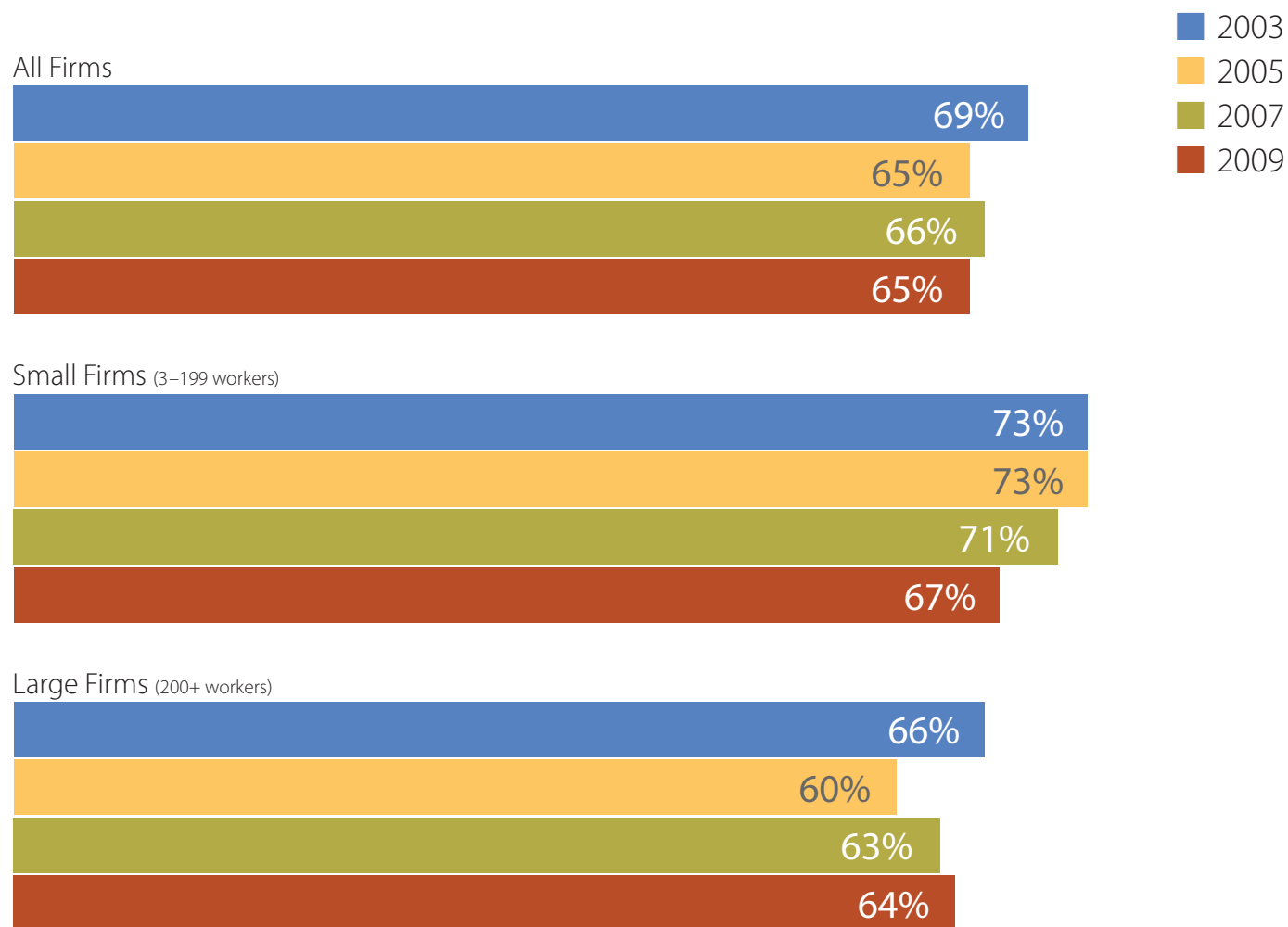


*No statistical difference between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Seventy-eight percent of California employees working in firms offering coverage were eligible for health benefits, and 84 percent of those elected to enroll.

Worker Coverage Rates, Among Offering Firms, by Firm Size, California, 2003–2009*

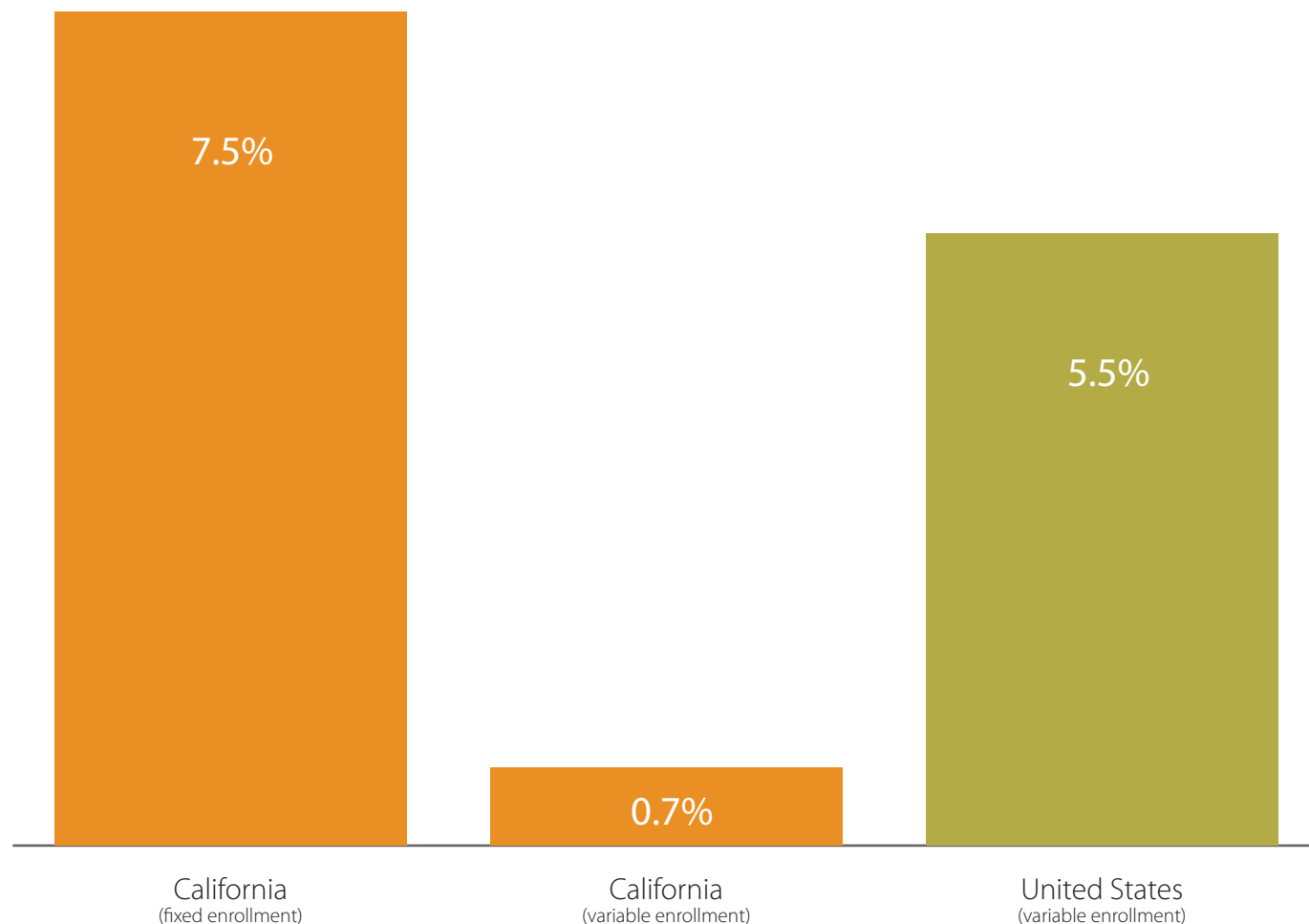


Insurance coverage rates have remained fairly stable since 2003, although rates have declined slightly in smaller firms.

*No statistical difference from previous year shown within firm size.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002–2003.

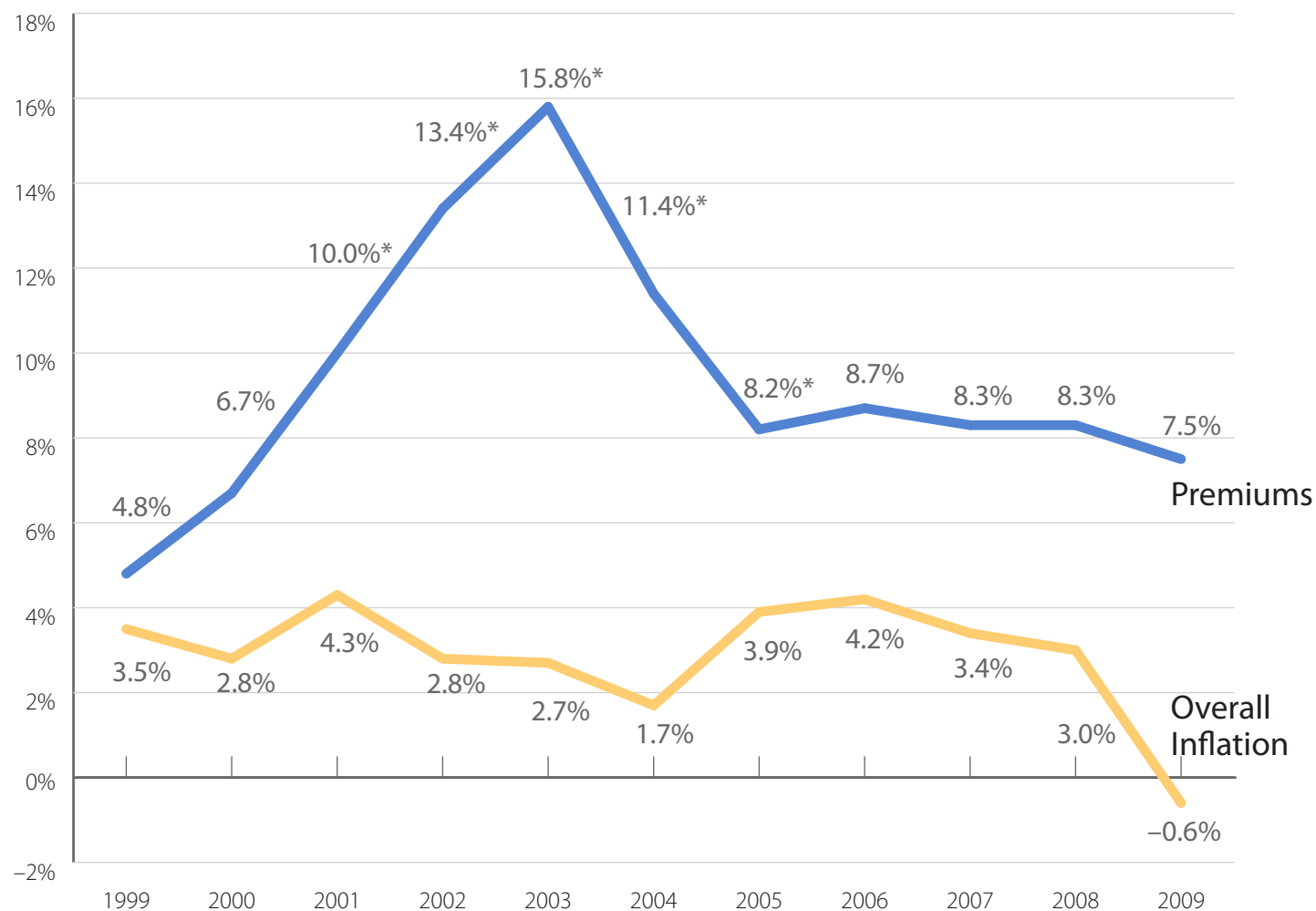
Average Increases in Premiums, by Product Enrollment Status, California vs. the United States, 2009



Among California firms that offered the same health plan or plans in 2008 and 2009 (fixed enrollment), the average premium increase was 7.5 percent. When the calculation includes California firms that changed plans or had workers who switched plans (variable enrollment), the average increase is less than 1 percent. When firms and workers switch plans, they may “buy down” to less expensive ones.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Premium Increases Compared to Inflation, California, 1999–2009

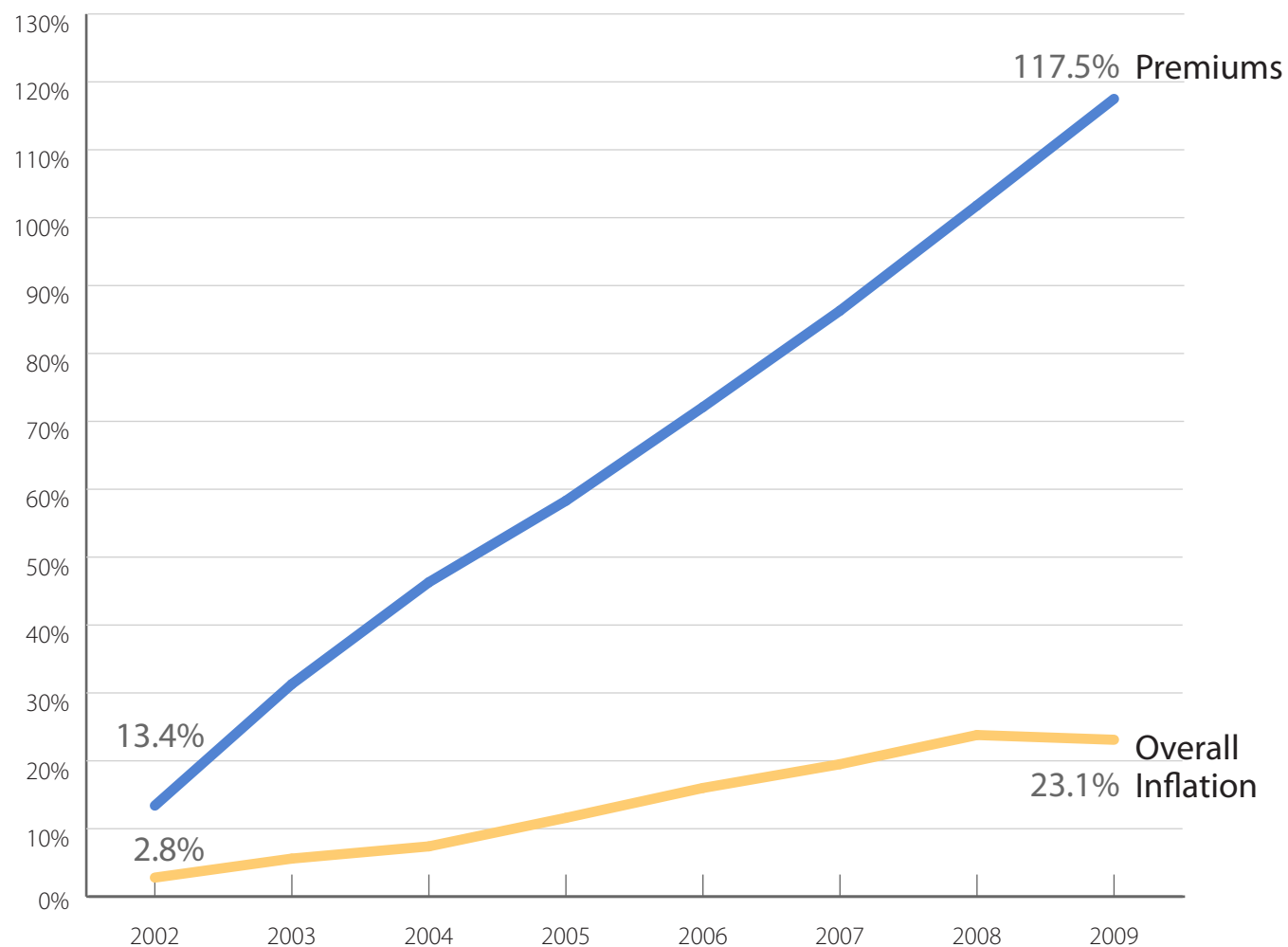


*Statistical difference from the previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006; CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 1999–2003. California Division of Labor Statistics and Research, Consumer Price Index, California Average of Annual Inflation (April to April) 1999–2009.

Health insurance premiums in California grew by 7.5 percent in 2009, statistically unchanged in recent years. Premiums continue to rise at much more than the overall California inflation rate.

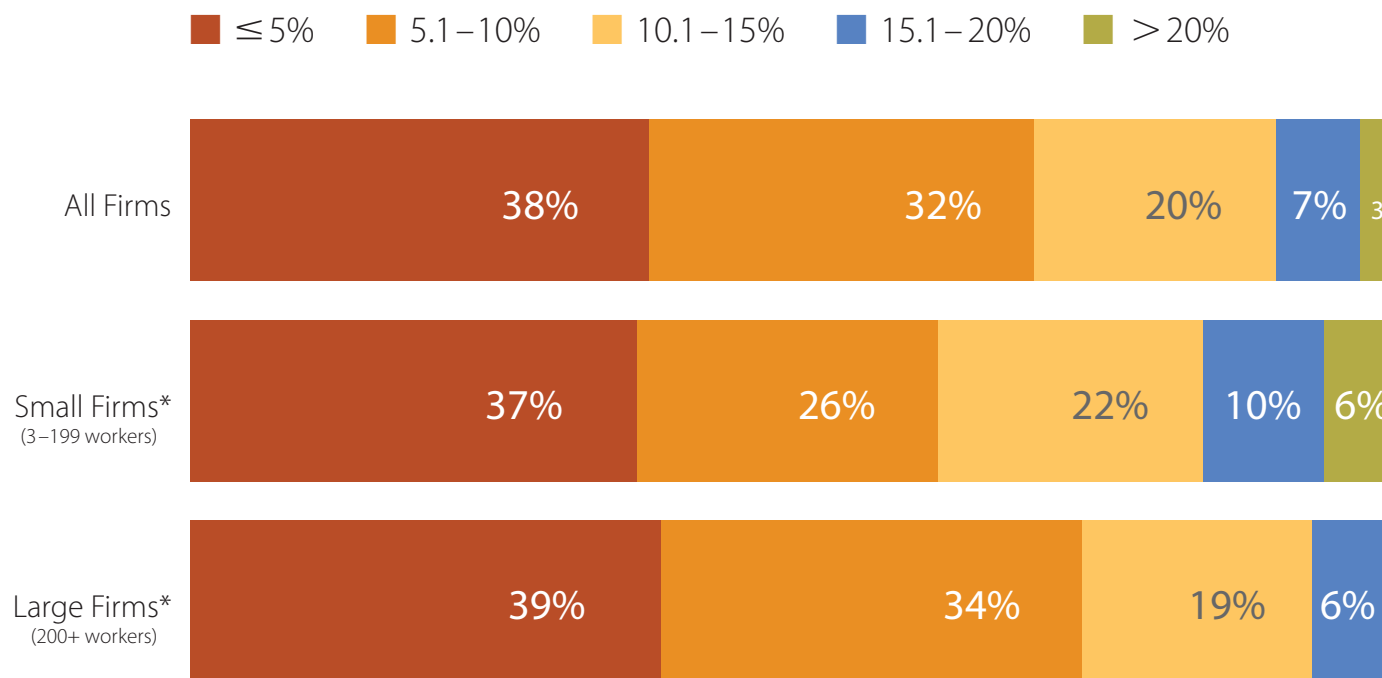
Cumulative Premium Increases Compared to Inflation, California, 2002–2009



Since 2002, health insurance premiums have increased by 117.5 percent, more than four times the 23.1 percent increase in California's overall inflation rate.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2002–2003. California Division of Labor Statistics and Research, Consumer Price Index, California Average of Annual Inflation (April to April) 2002–2009.

Premium Increase Percentage, by Firm Size, California, 2009



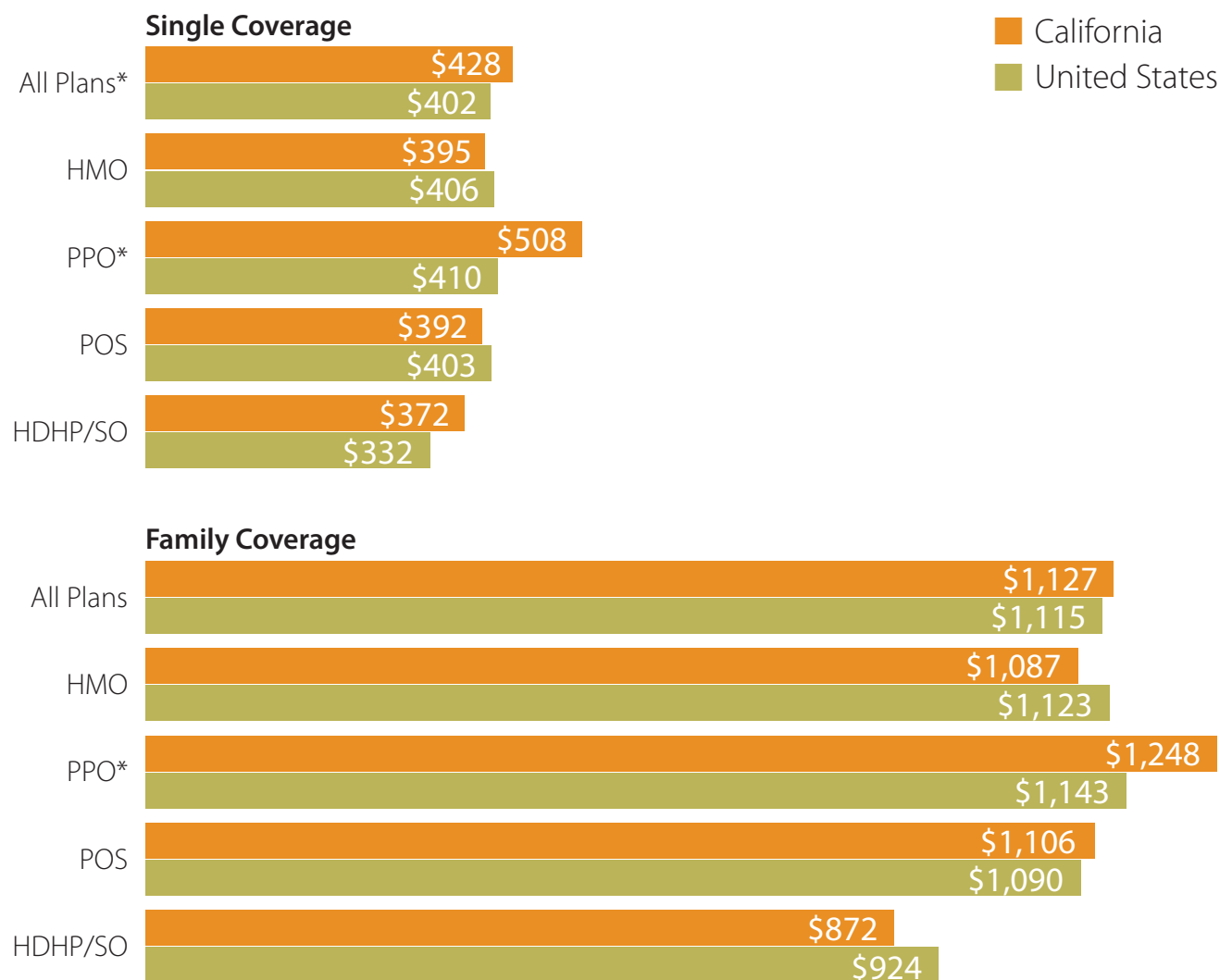
*Statistical difference from all other firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Seventy percent of California firms had a premium increase of 10 percent or less from 2008 to 2009.

Compared to smaller firms, larger ones were more likely to experience smaller premium increases, and less likely to see increases of more than 15 percent.

Average Monthly Premiums, by Plan Type, California vs. the United States, 2009



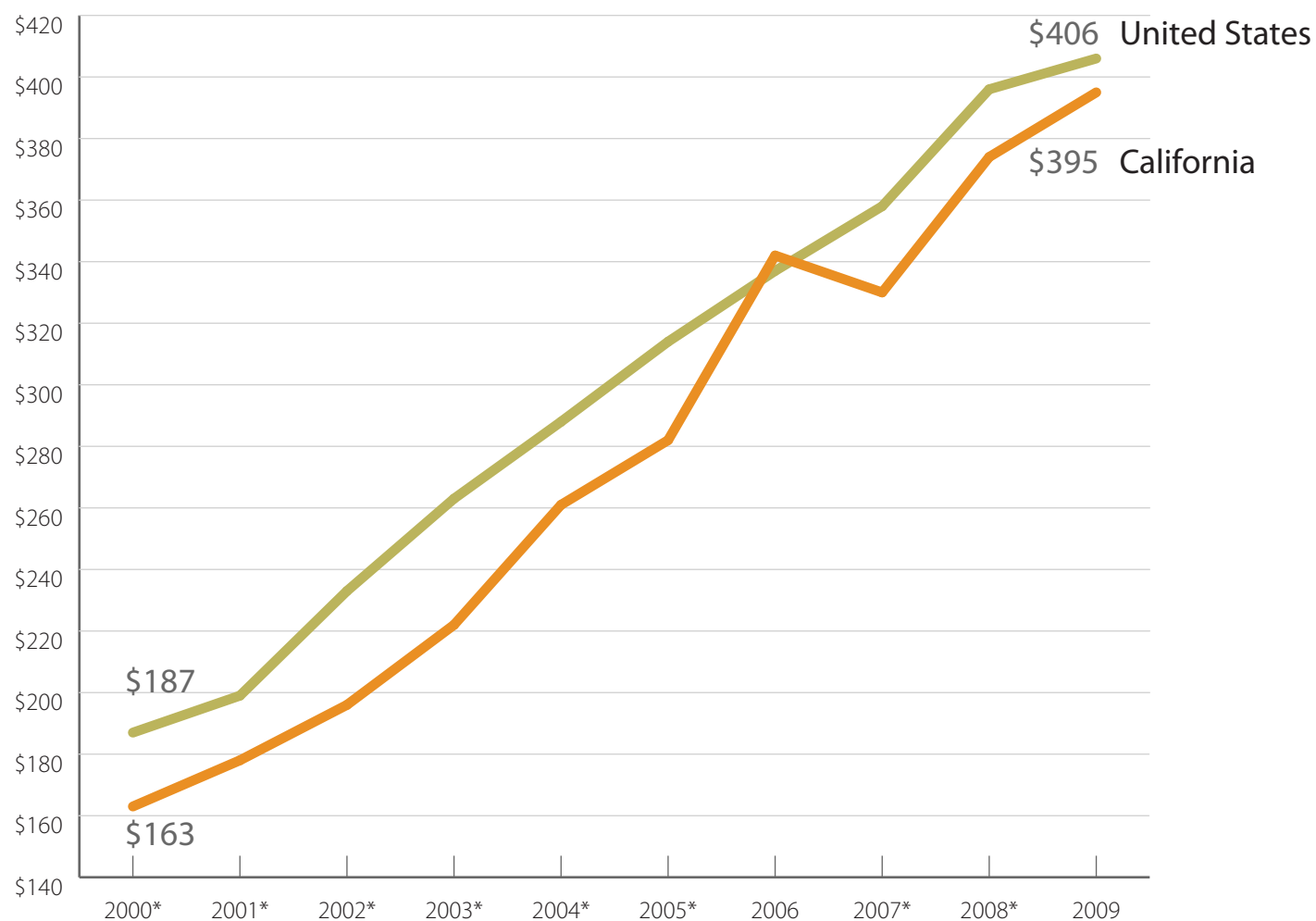
*Statistical difference between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Premiums for most plan types in California were comparable to premiums nationally.

California PPOs were more costly for both single and family coverage than in the rest of the nation.

Average Monthly HMO Premiums, Single Coverage, California vs. the United States, 2000–2009



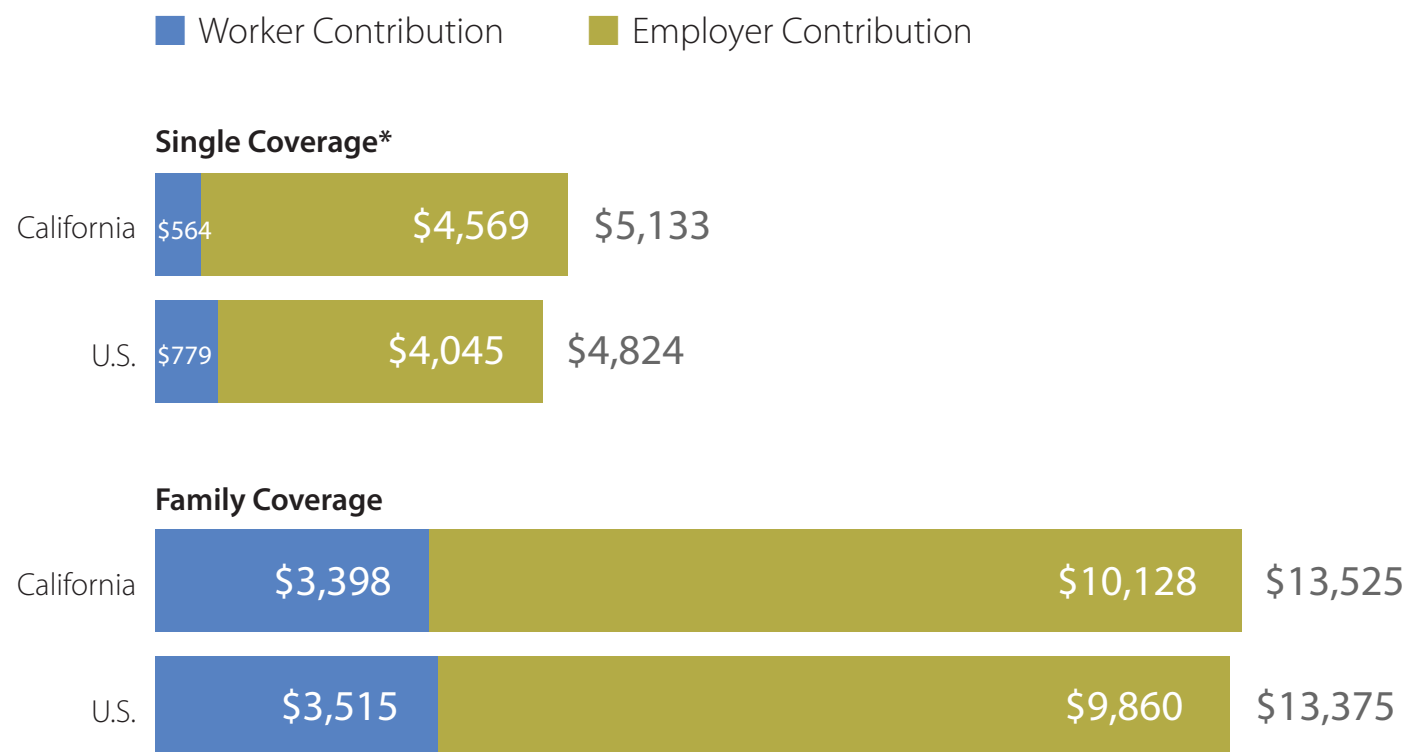
*Statistical difference between California and the United States.

Note: Annual rate of change for HMO single premiums should not be calculated by comparing dollar values from one year with the previous year, due to both the survey's sampling design and the way in which plan information is collected. Rates of change in family premiums are collected directly as a question in the survey (no change data for single premiums are collected).

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2000–2003. Kaiser/HRET Employer Health Benefits Survey: 2000–2009.

The gap between California and U.S. monthly HMO premiums narrowed between 2008 and 2009.

Annual Worker and Employer Premium Contributions, California vs. the United States, 2009



California workers contributed an average of \$564 annually for single coverage and \$3,398 for family coverage in 2009. They contributed significantly less for single coverage than did workers nationally.

*Statistical difference between California and the United States within coverage and contribution type.

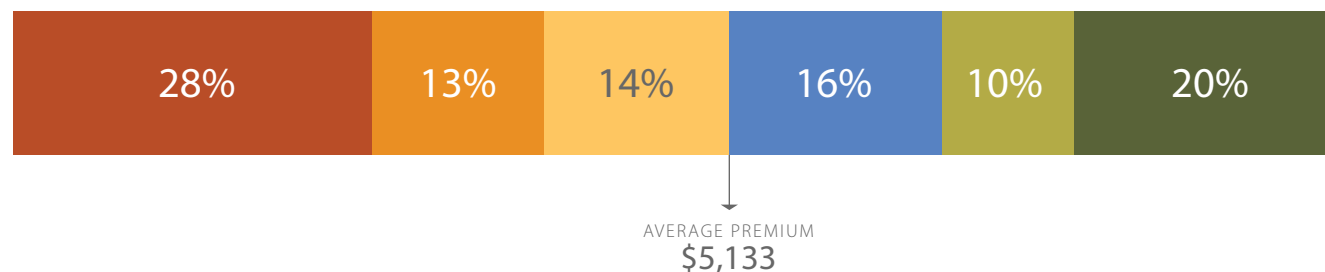
Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Annual Premiums Compared to Average, by Type of Coverage, California, 2009

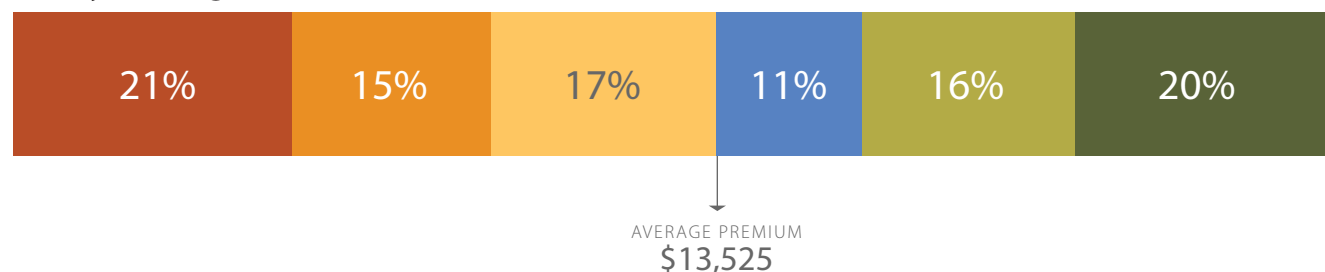
PREMIUM AS A PERCENTAGE OF THE AVERAGE

■ < 80% ■ 80–89% ■ 90–99% ■ 100–110% ■ 111–120% ■ > 120%

Single Coverage



Family Coverage

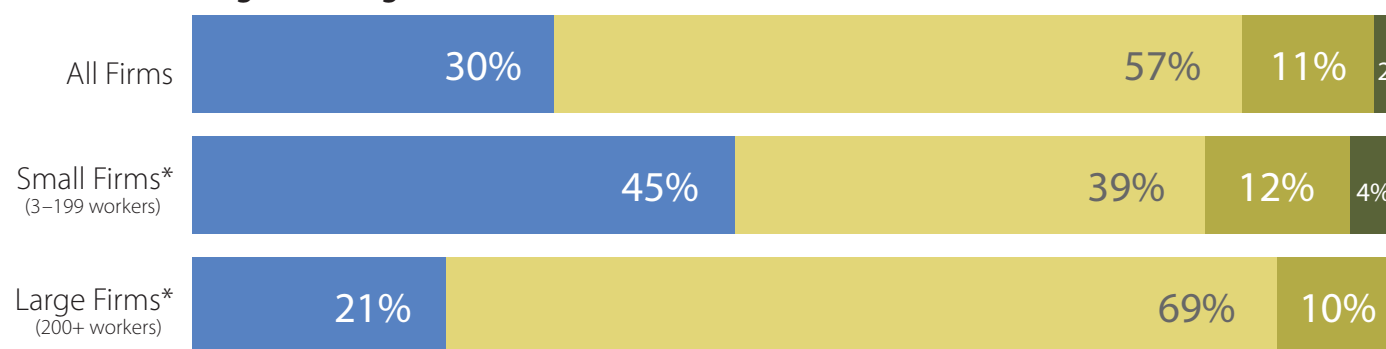


Fifty-five percent of workers with single coverage were in firms that paid less than the average annual premium of \$5,133. In contrast, 20 percent were in firms paying premiums greater than 120 percent of the average.

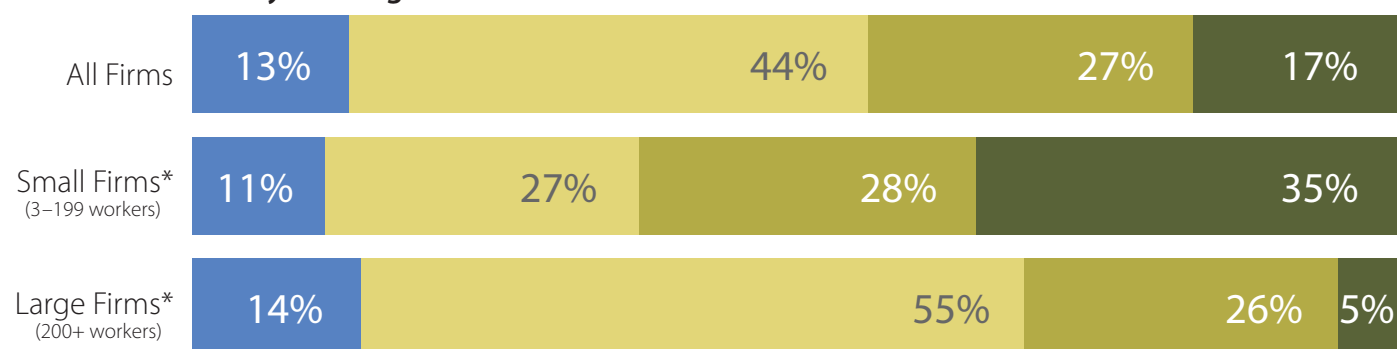
Worker Share of Premium, by Firm Size, California, 2009

■ No Contribution ■ 1–25% ■ 26–50% ■ 51%+

Single Coverage



Family Coverage



*Statistical difference from all other firms.

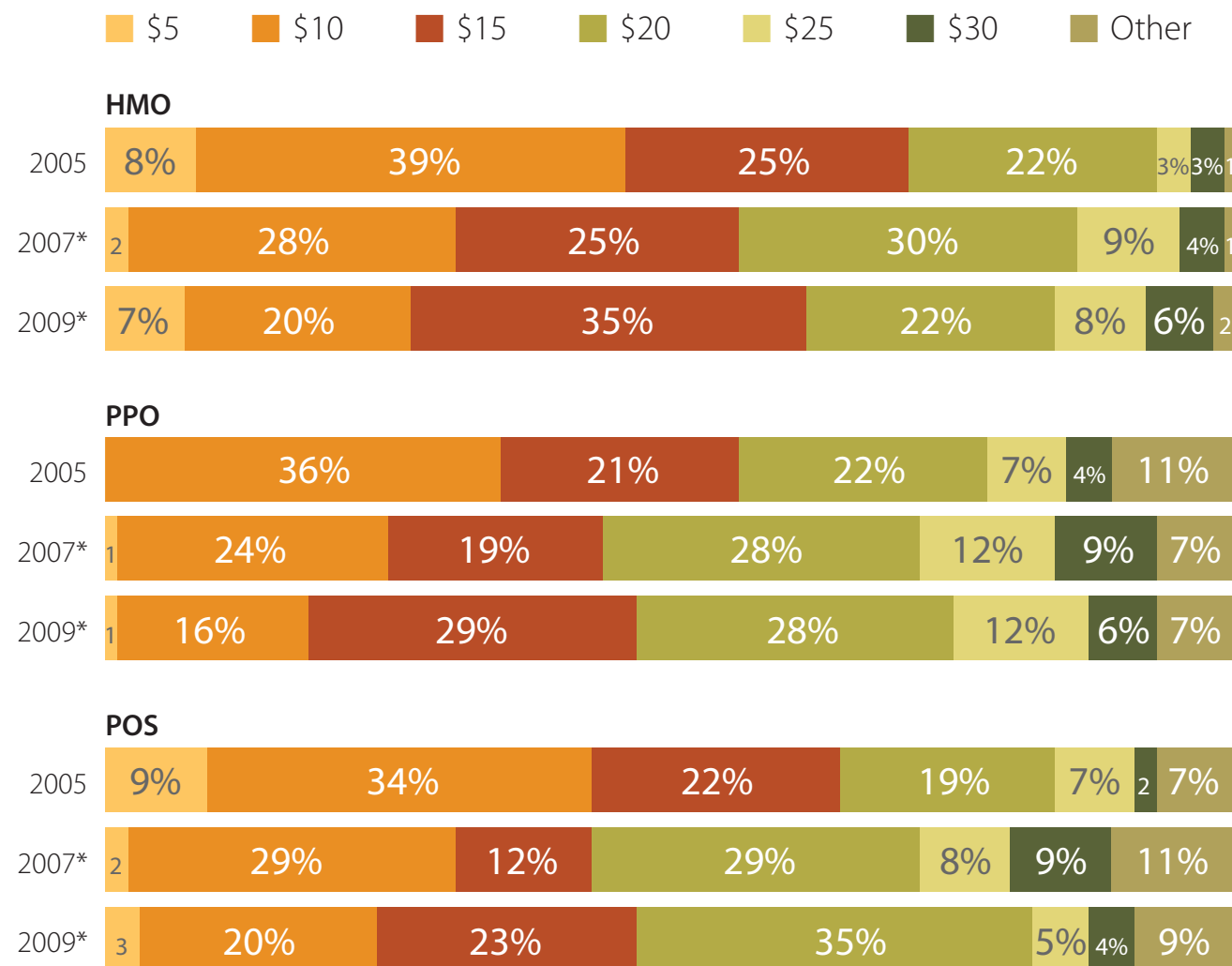
Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Thirty percent of covered California employees worked for firms that paid the full premium for single coverage.

Employees of small firms were significantly more likely to pay a very large share of the family premium (over 50 percent) than were workers in large firms.

Workers with Specified Office Visit Copayments, by Plan Type, California, 2005–2009

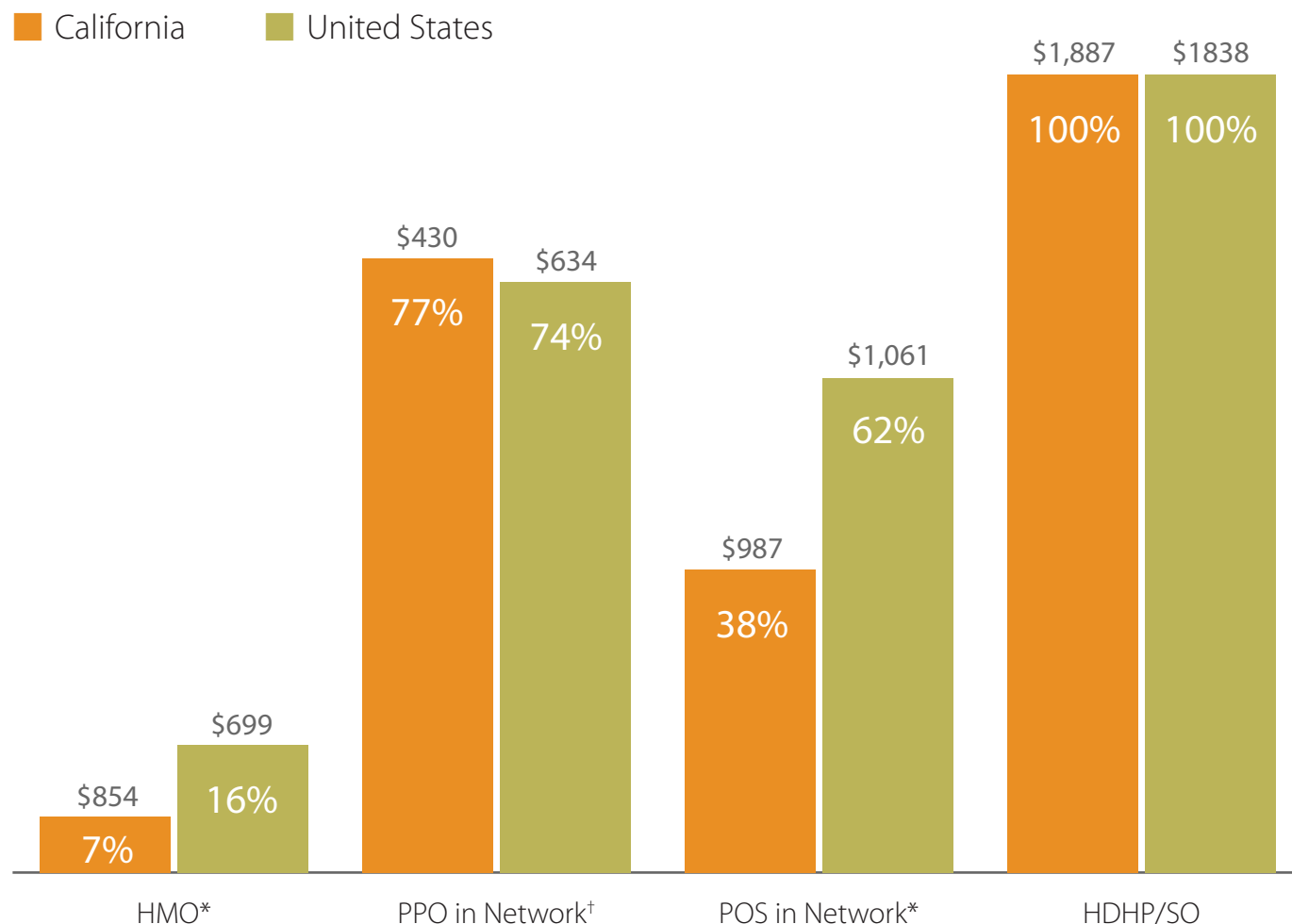
Copayments for office visits increased substantially for all types of plans from 2005 to 2009.



*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006.

Workers with Annual Deductible, Single Coverage, by Plan Type, California vs. the United States, 2009



PPO members were much more likely to have an annual deductible than workers in HMOs or POS plans.

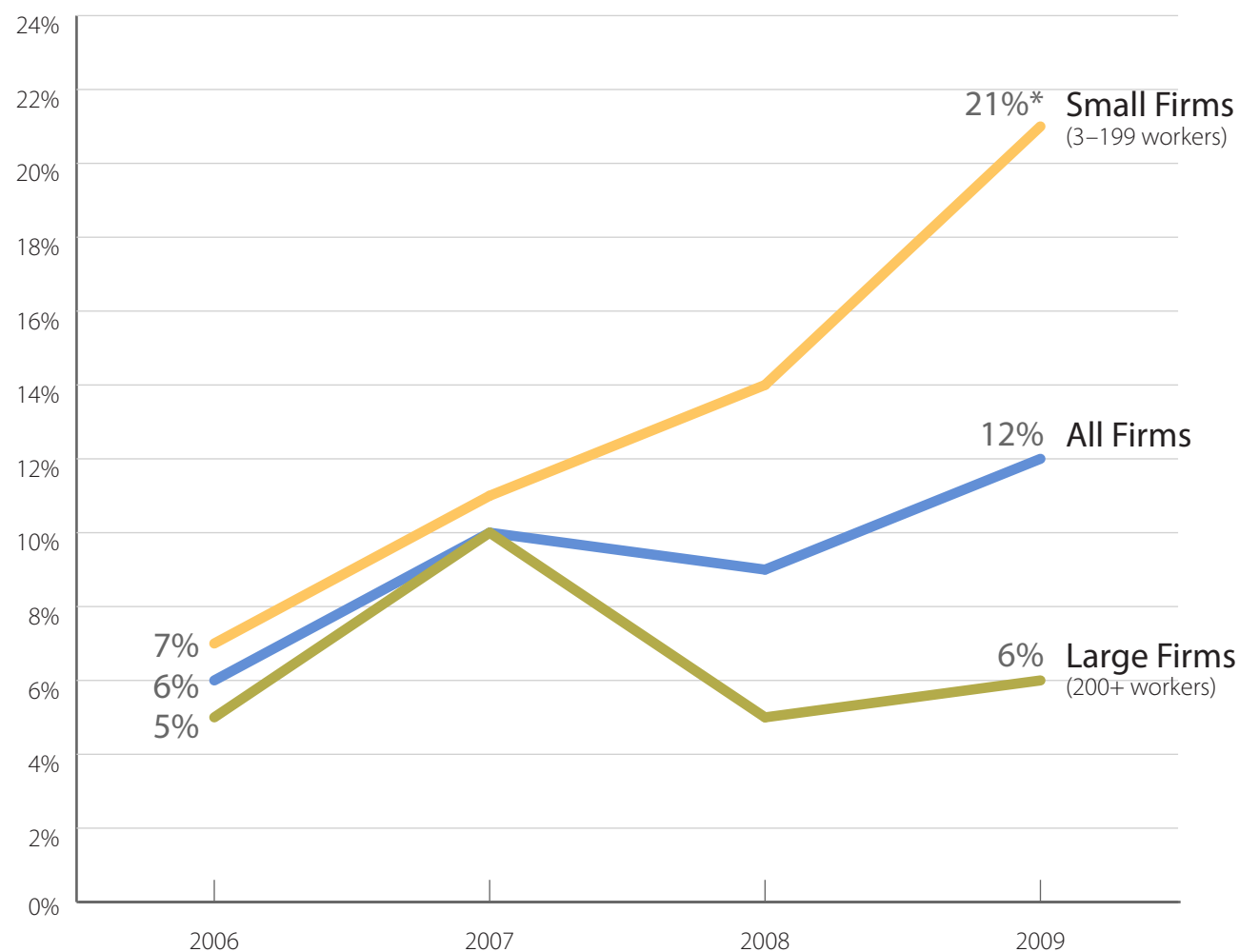
Deductibles averaged \$430 for PPO single coverage in California, versus \$634 nationally.

*Estimated percentages are statistically different between California and the United States.

†Estimated deductibles are statistically different between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Workers with a Large Deductible (\$1,000+), Single Coverage, by Firm Size, 2006–2009

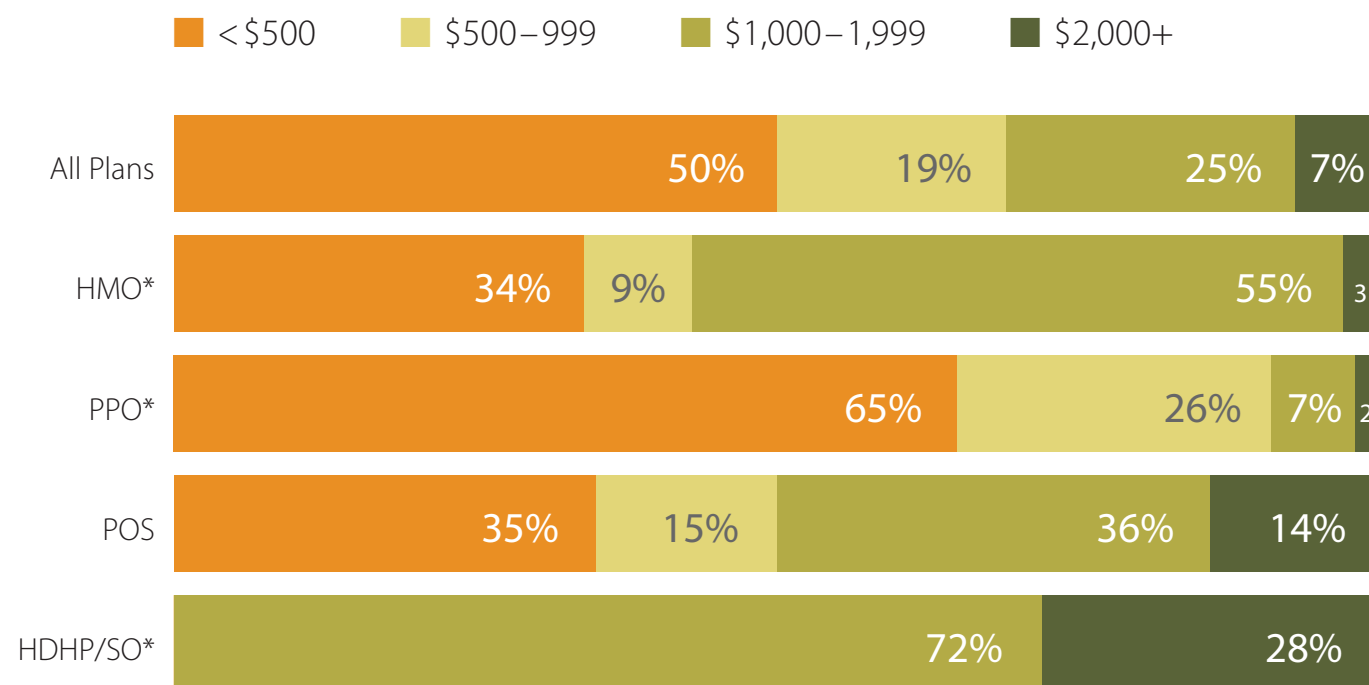


More than a fifth of covered California workers in small firms had a deductible of \$1,000 or more for single coverage in 2009, compared with just 7 percent in 2006. In large firms, only 6 percent of covered workers had a deductible of \$1,000 or more.

*Statistical difference from previous year shown by firm size.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2006.

Workers with Deductible for Single Coverage, by Plan Type, California, 2009



Among California workers with a deductible for single coverage, half had a deductible of less than \$500, while 32 percent had a deductible of \$1,000 or more.

*Statistical difference from "All Plans."

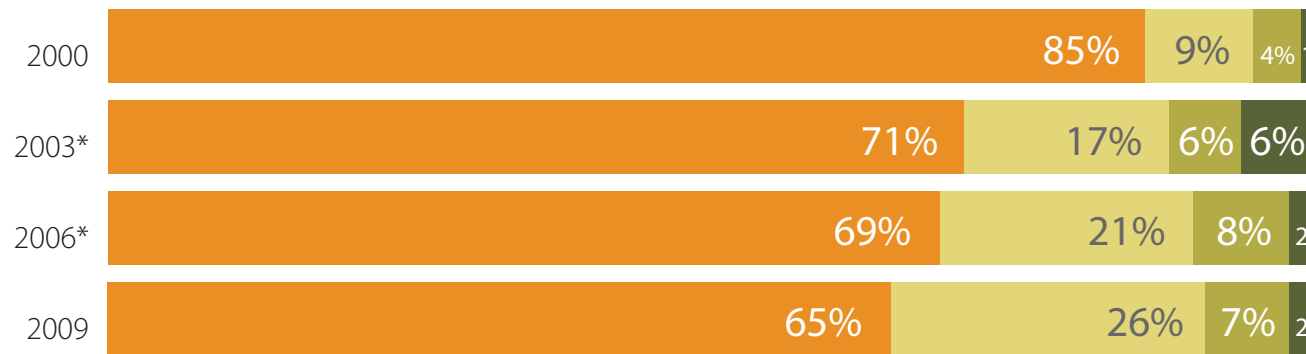
Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Deductible for Single PPO Coverage, California vs. the United States, 2000–2009

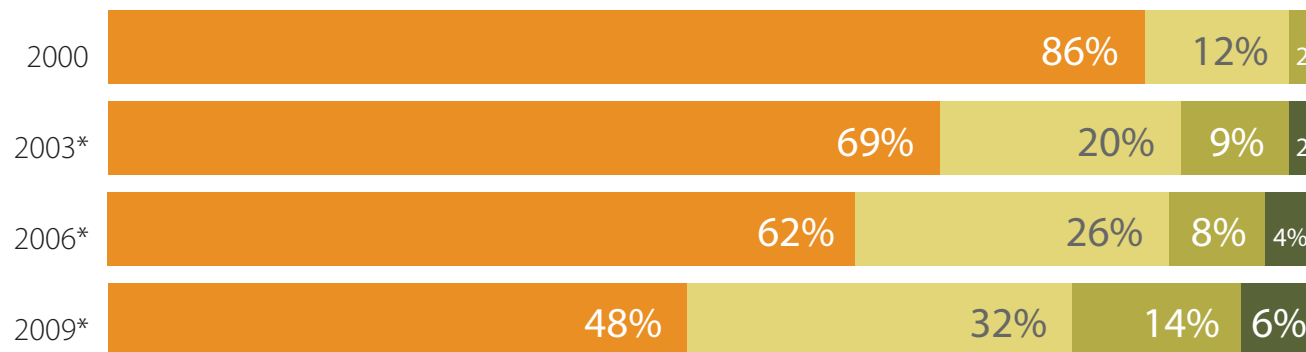
PERCENTAGE OF WORKERS WITH SPECIFIED DEDUCTIBLE RANGES

■ < \$500
 ■ \$500–999
 ■ \$1,000–1,999
 ■ \$2,000+

California



United States



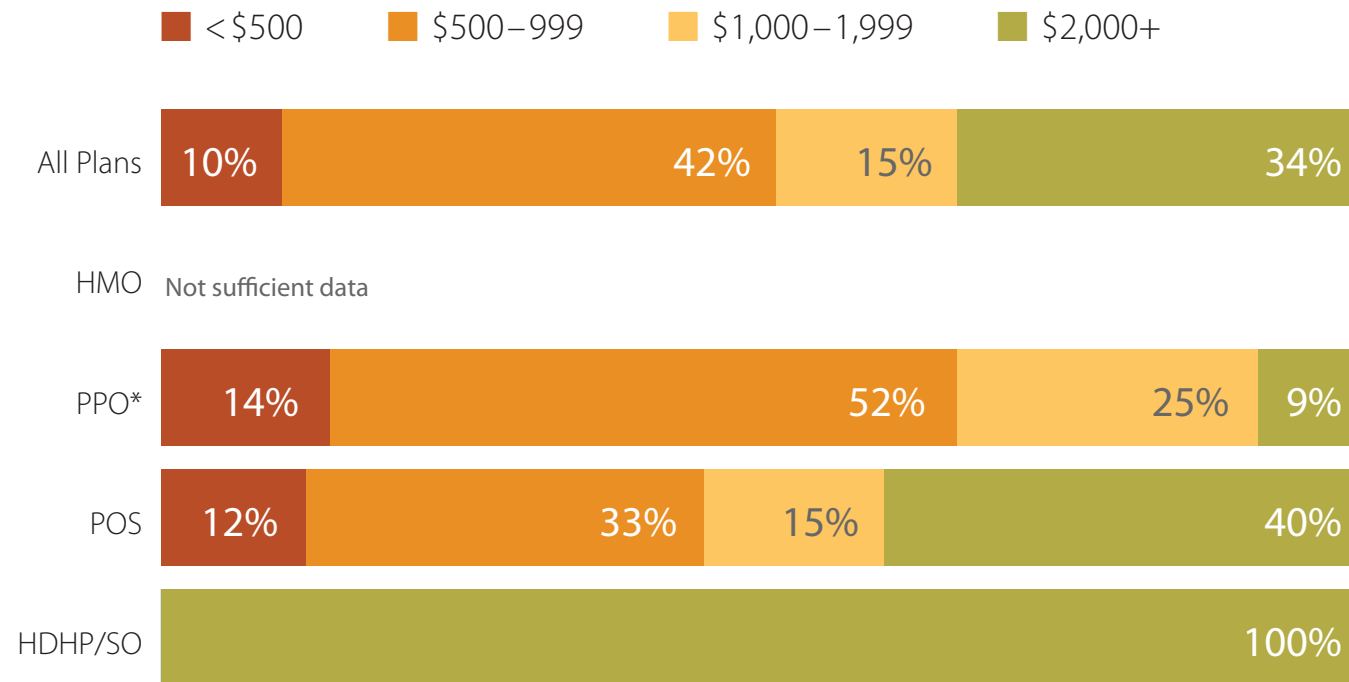
*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2006. Kaiser/HRET California Employer Health Benefits Survey: 2000, 2003. Kaiser/HRET Employer Health Benefits Survey, 2000–2009.

Since 2000, California workers have experienced significant increases in deductibles for PPO coverage.

Deductible for Family Coverage, by Plan Type, California, 2009

AMONG WORKERS WITH AN AGGREGATE DEDUCTIBLE, PERCENTAGE WITH SPECIFIED DEDUCTIBLE RANGES



*Statistical difference from "All Plans." No test was done comparing HDHP/SO with all plans.

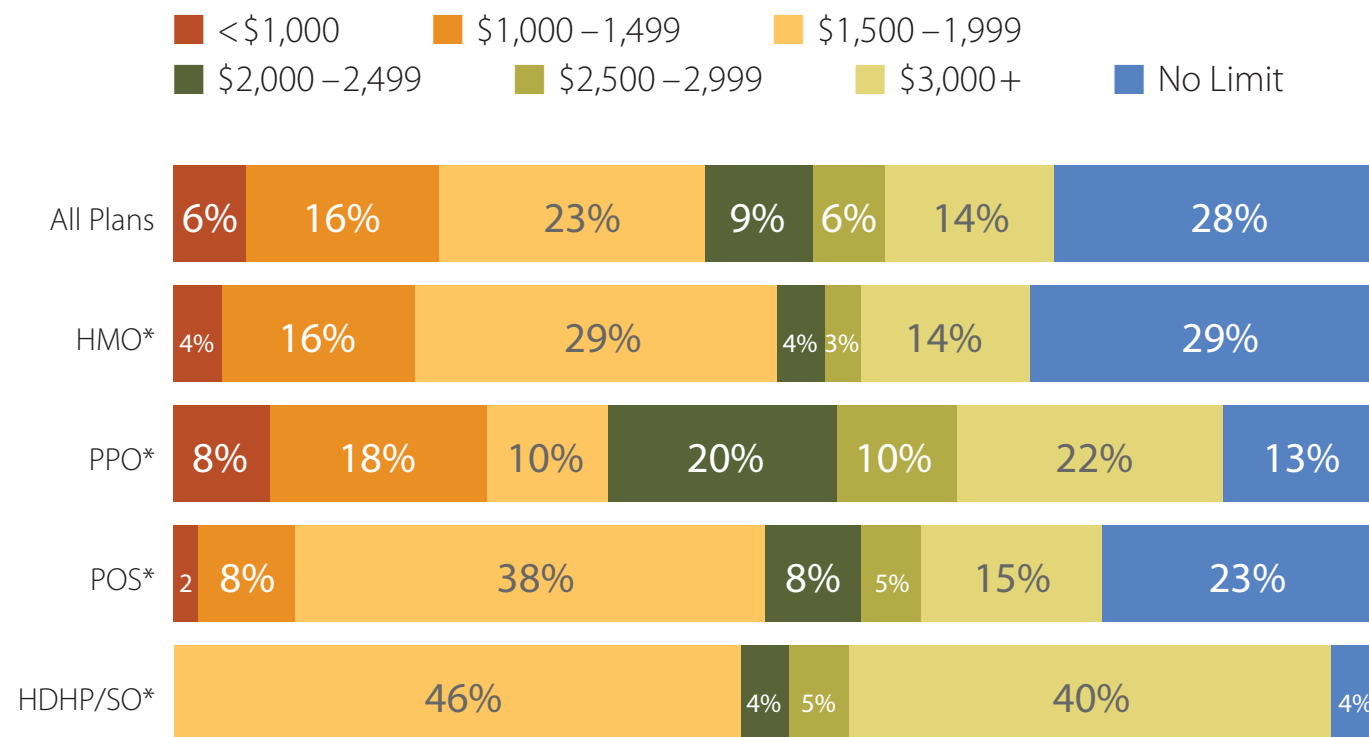
Notes: An aggregate deductible counts all family members' out-of-pocket expenses toward the deductible limit. Separate deductibles count each family member's expenses separately toward per-person limits.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Among California workers with an aggregate family deductible, 52 percent had a deductible of less than \$1,000, while 34 percent had a deductible of \$2,000 or more.

Annual Out-of-Pocket Limits, Single Coverage, by Plan Type, California, 2009

PERCENTAGE OF WORKERS WITH SPECIFIED LIMIT RANGES



Almost three-quarters of workers with single coverage had an annual out-of-pocket limit.

However, 29 percent of these had a limit of \$2,000 or more.

Those in a high-deductible health plan with a savings option (HDHP/SO) were the most likely to have a limit of \$3,000 or more.

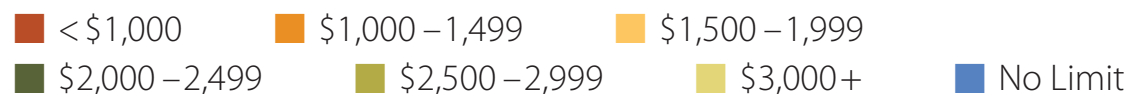
*Statistical difference from "All Plans."

Note: Since HMOs typically provide very comprehensive coverage, not having a limit on out-of-pocket expenditures does not expose enrollees to the same financial risk as it could in other plan types.

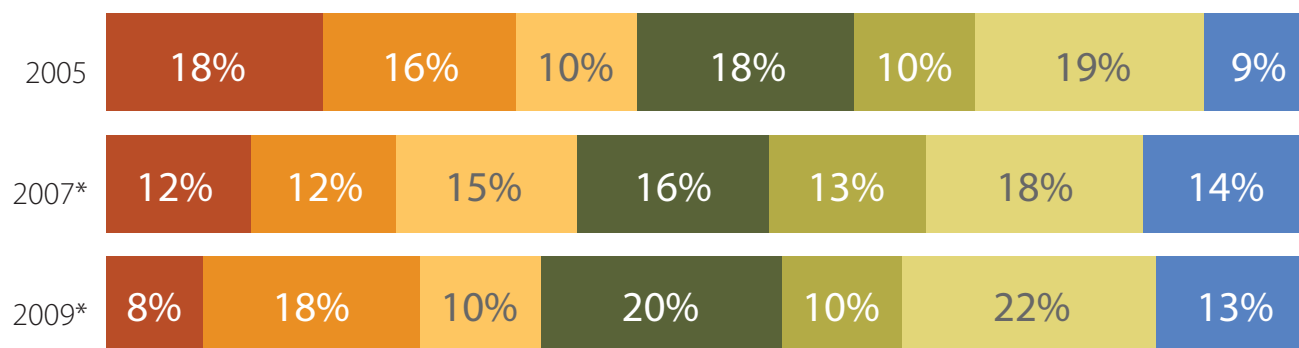
Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Annual Out-of-Pocket Limits, Single PPO Coverage, California vs. the United States, 2005–2009

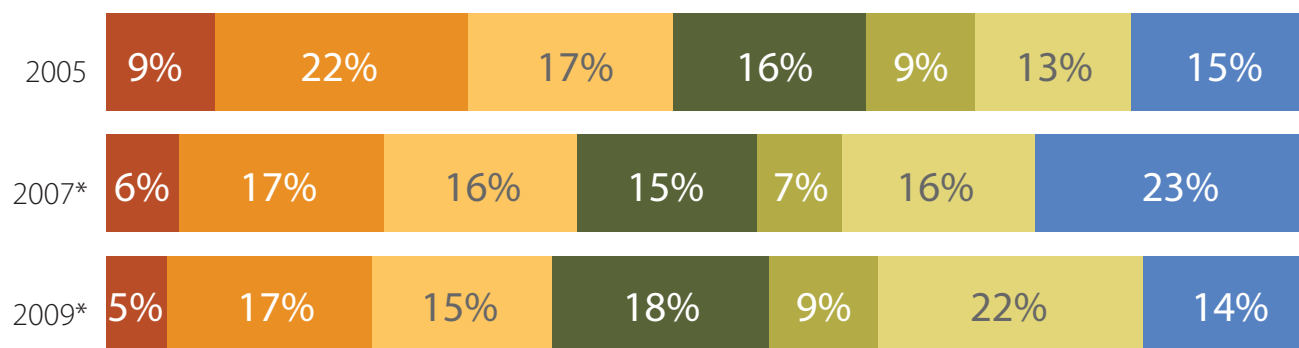
PERCENTAGE OF WORKERS WITH SPECIFIED LIMIT RANGES



California



United States



*Statistical difference from previous year shown.

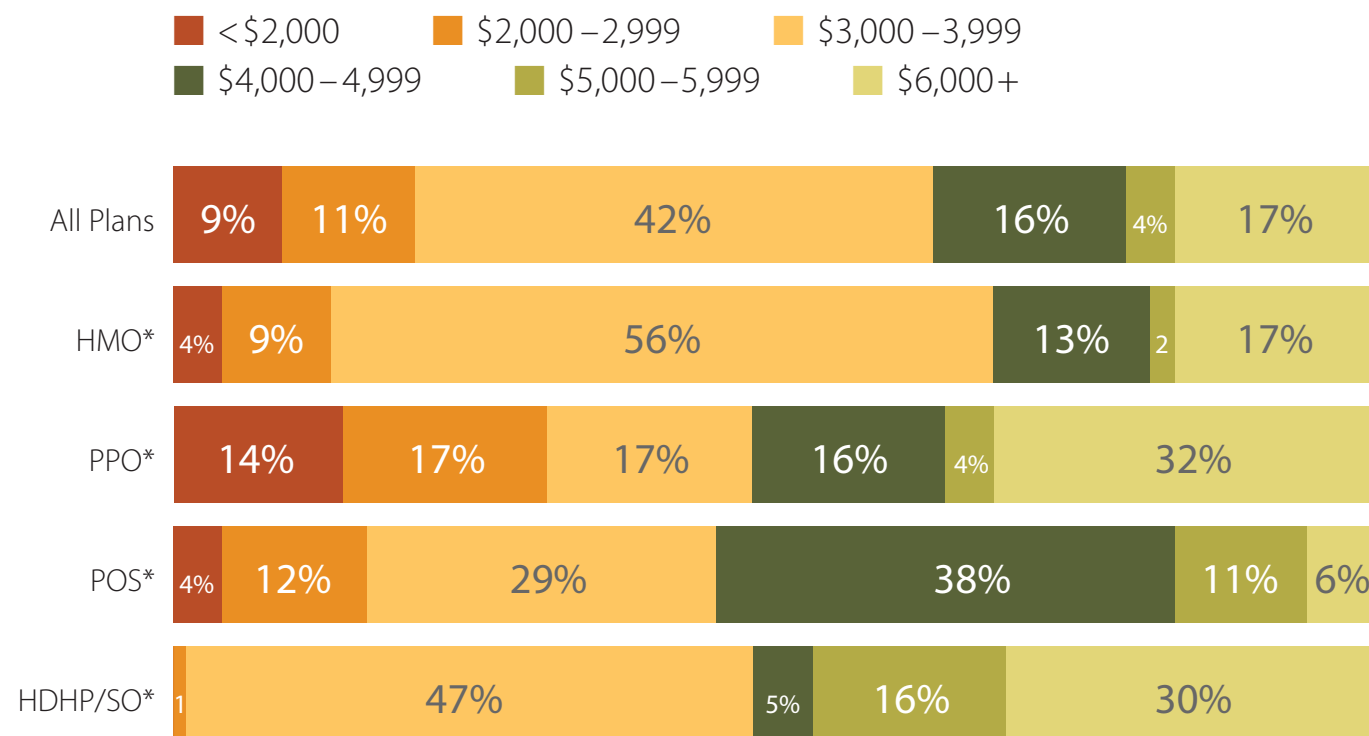
Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007 and 2009. CHCF/HSC California Employer Health Benefits Survey: 2005. Kaiser/HRET California Employer Health Benefits Survey: 2000, 2002. Kaiser/HRET Employer Health Benefits Survey: 2005, 2007, 2009.

The proportion of California workers in PPOs with an out-of-pocket limit of less than \$1,500 decreased from 34 percent in 2005 to 26 percent in 2009.

A similar pattern of decreasing limits on out-of-pocket costs was observed nationally.

Annual Out-of-Pocket Limits, Family Coverage, by Plan Type, California, 2009

AMONG WORKERS WITH AGGREGATE LIMIT, PERCENTAGE WITH SPECIFIED RANGES



Eighty-three percent of covered workers have an aggregate out-of-pocket limit for family coverage. Only 9 percent of those had an annual limit under \$2,000.

Twenty-one percent of workers with family coverage had a limit of \$5,000 or more.

*Statistical difference from "All Plans."

Note: Since HMOs typically provide very comprehensive coverage, not having a limit on out-of-pocket expenditures does not expose enrollees to the same financial risk as it could in other plan types.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Covered Workers with Hospital Admission Cost Sharing, by Plan Type, California, 2009

PERCENTAGE OF WORKERS WITH...

	SEPARATE ANNUAL HOSPITAL DEDUCTIBLE	COPAYMENT PER ADMISSION	COINSURANCE	BOTH COPAYMENT AND COINSURANCE	CHARGE PER DAY	NO COST SHARING
HMO	4%	44%	4%*	1%	10%	37%
PPO	7%	18%*	53%*	9%*	8%	15%*
POS	3%	36%	25%	2%	7%	29%
HDHP/SO	< 1%*	5%*	32%	< 1%*	3%*	47%
All Plans	5%	37%	17%	3%	10%	31%

AVERAGES ACROSS ALL PLANS

Copayment: \$237

Coinsurance: 17%

Charge Per Day: \$281

Many covered workers in California have a copayment, coinsurance, or both for a hospital admission, in addition to any general annual deductible.

Thirty-seven percent of covered workers have a copayment per admission.

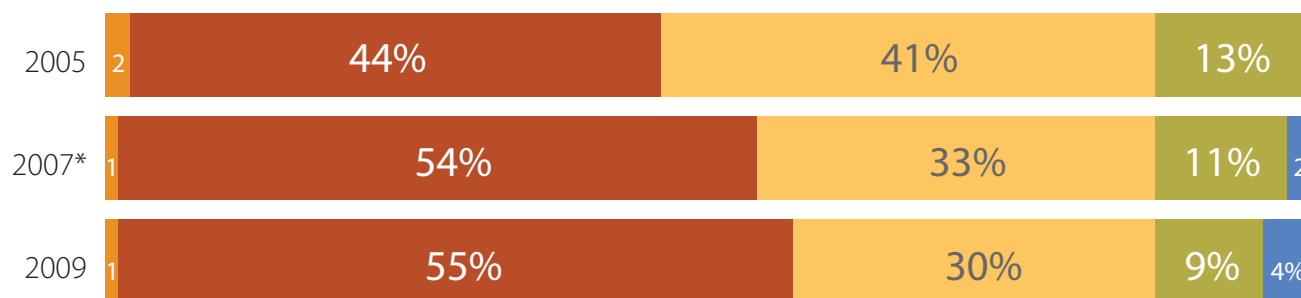
*Statistical difference from "All Plans."

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

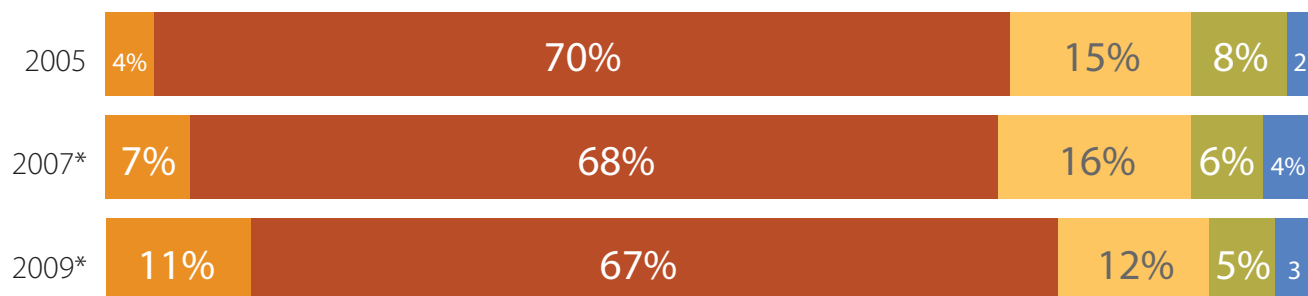
Workers' Cost Sharing for Prescriptions, California vs. the United States, 2005–2009

- **Four-Tier** (three-tier plus a fourth tier for lifestyle or other specified drugs)
- **Three-Tier** (one payment for generic drugs, another for preferred drugs, and a third for non-preferred drugs)
- **Two-Tier** (one payment for generic drugs and another for name brand)
- **One-Tier** (cost sharing the same regardless of drug type)
- **Other**

California



United States

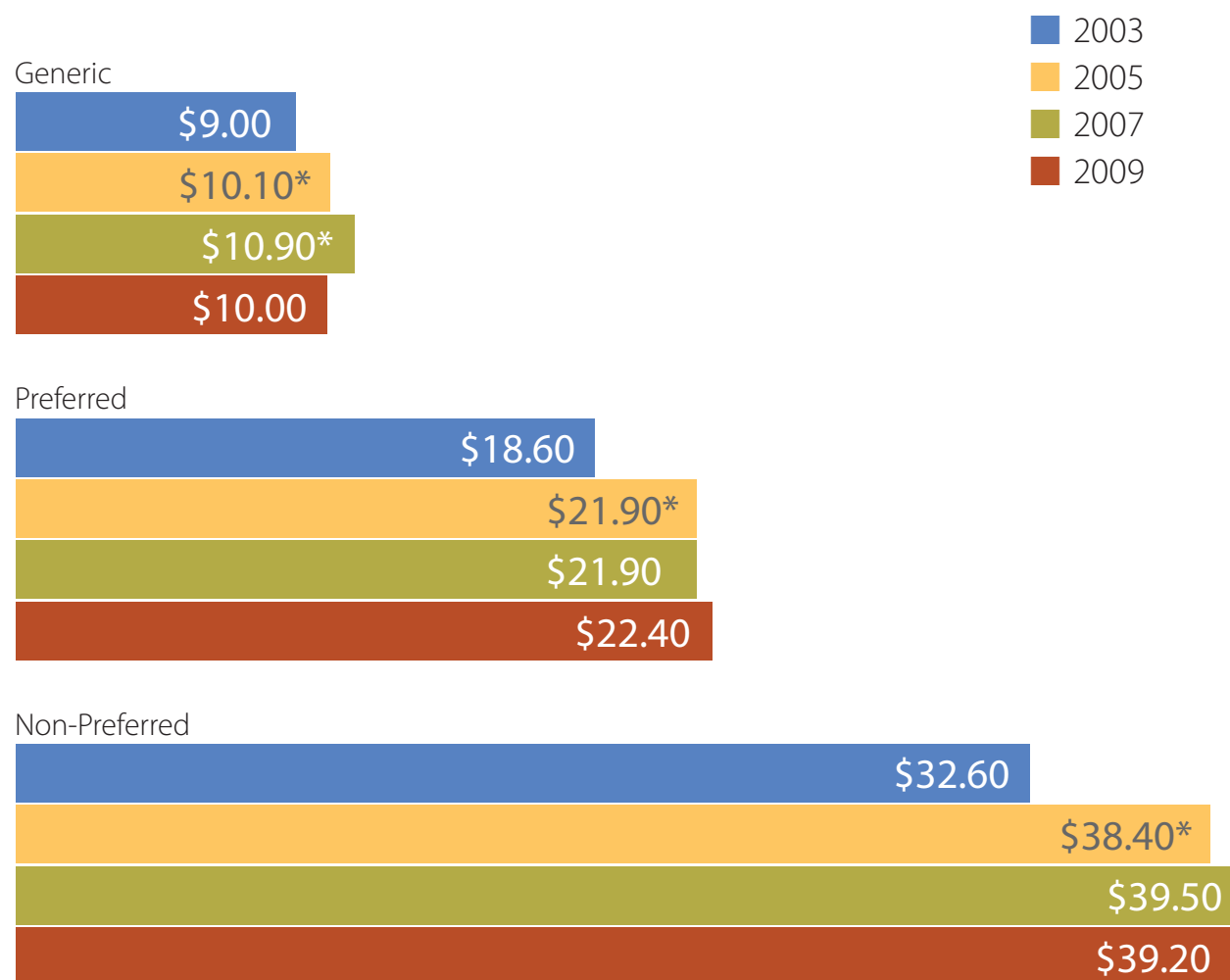


*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. Kaiser/HRET Employer Health Benefits Survey: 2005–2009.

In 2009, 56 percent of covered California workers had a three- or four-tier cost-sharing formula for prescription drugs. Nationally, more than three-quarters of covered workers were subject to three- or four-tier formulas.

Average Prescription Copayments, by Drug Type, California, 2003–2009



Average copayments for generic drugs are about one-half what they are for preferred drugs, and about one-fourth what they are for non-preferred drugs.

*Statistical difference from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2001–2003.

Covered Workers with a Choice of Plan Types, California vs. the United States, 2008*

NUMBER OF PLAN TYPES

■ One ■ Two ■ Three or More

California



United States

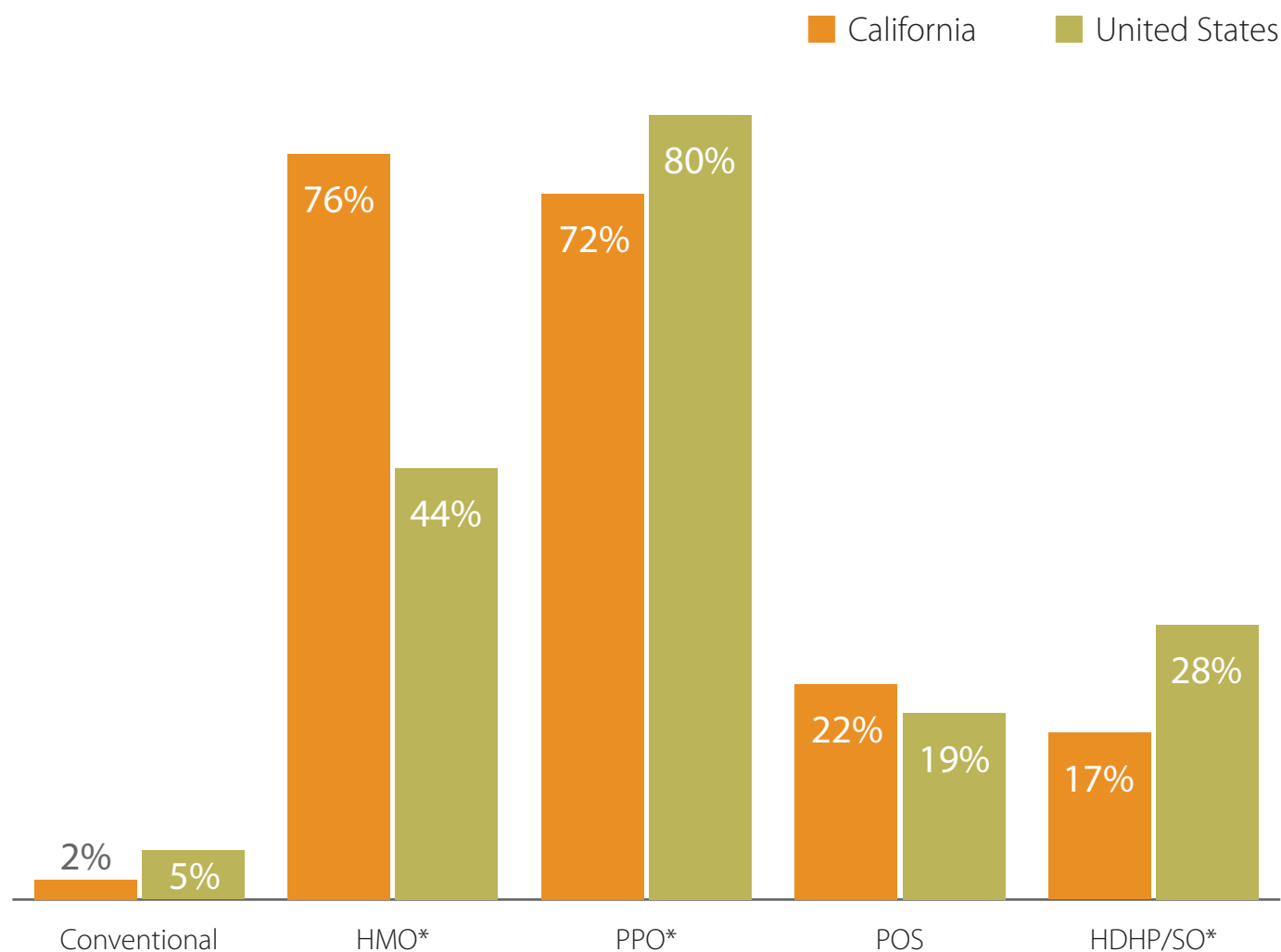


Seventy percent of covered California workers have a choice of plan types, compared to 52 percent of covered workers nationally.

*Statistical difference between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Worker Choice of Health Plans, by Type, California vs. the United States, 2009



*Statistical difference between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Seventy-six percent of covered California workers have an HMO option, compared to only 44 percent of covered workers nationally.

The share of California workers able to choose most other types of health plans is comparable to national figures.

Maximum Lifetime Benefit, by Plan Type, California, 2004 and 2009

California workers are more likely to be in a health plan with a lifetime maximum than they were in 2004.

■ <\$1 million
 ■ \$1 million to <\$2 million
 ■ \$2 million+
 ■ No Maximum

Overall



HMO



PPO



POS



HDHP/SO



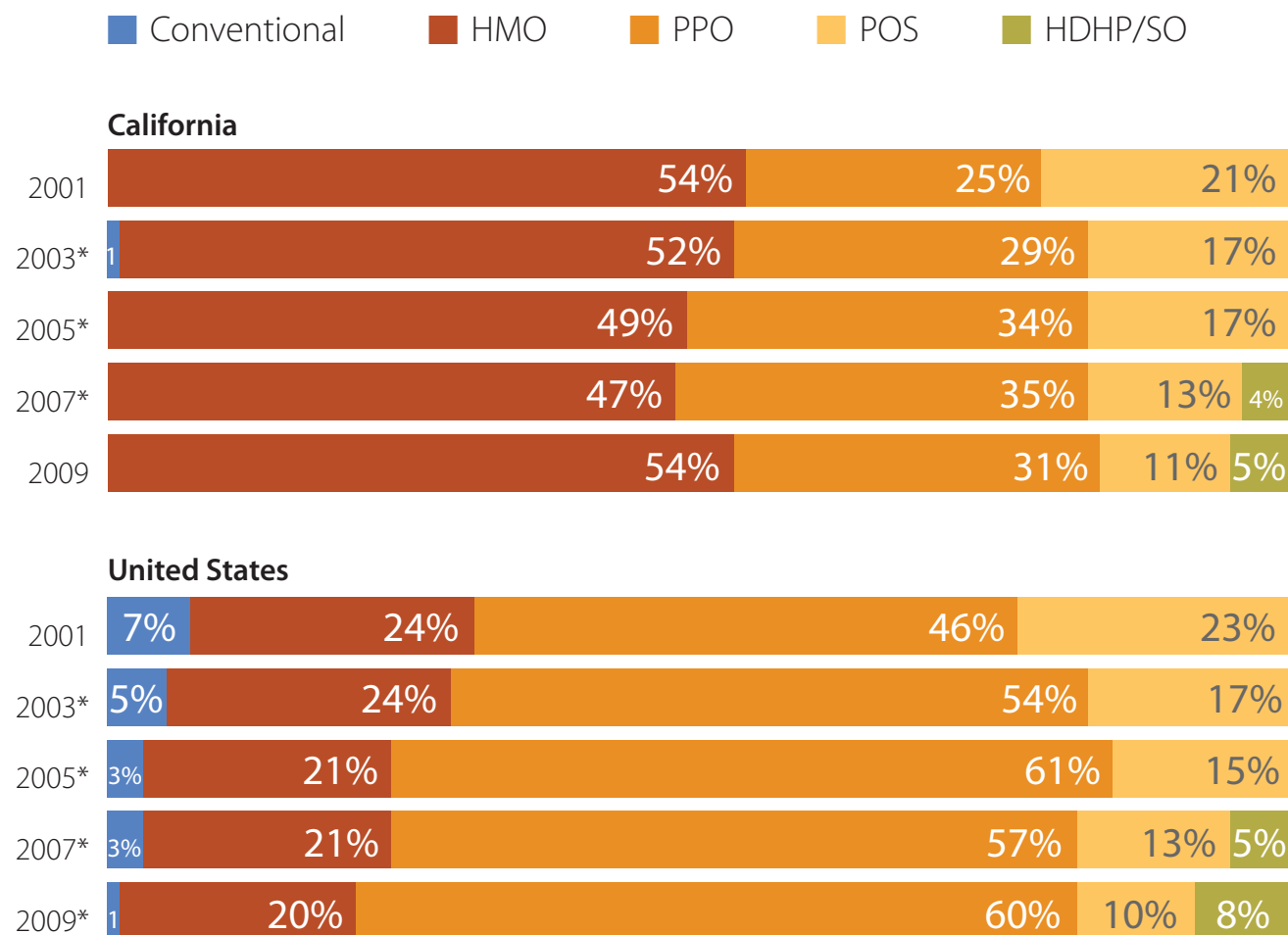
*Statistical difference from previous year shown by plan type.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2009. CHCF/HRET California Employer Health Benefits Survey: 2004.

Enrollment of Covered Workers, by Plan Type, California vs. the United States, 2001–2009

California workers have been consistently more likely than workers nationally to enroll in HMOs. Conversely, PPOs are more popular nationally than in California.

Enrollment in high-deductible plans with a savings option has changed little since 2007.

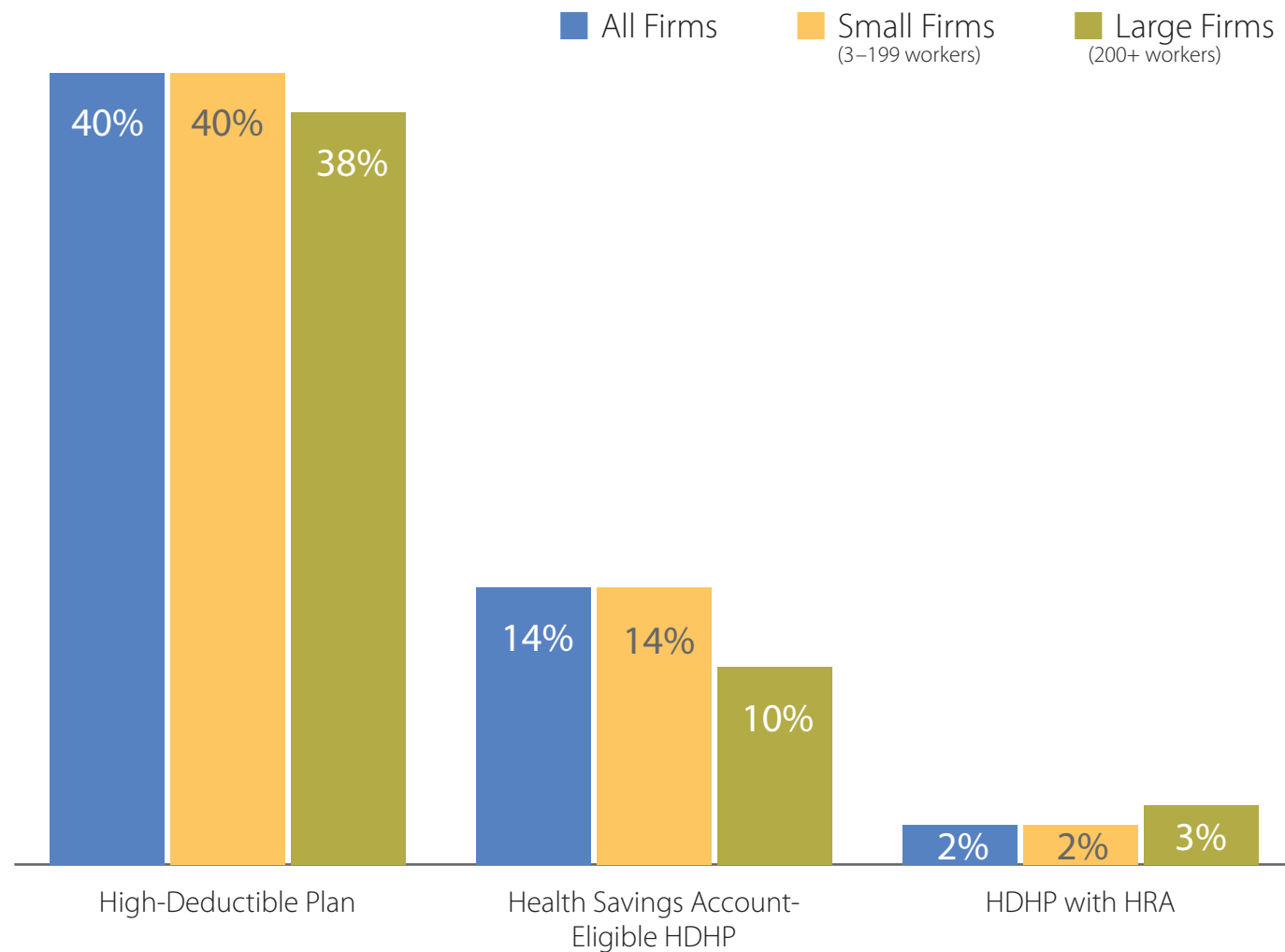


*Statistical difference from previous year shown.

Notes: Conventional plan enrollment in California in 2001, 2005, and 2007 is less than 1 percent. Due to the addition of HDHP in 2006, no test was conducted comparing 2006 with 2005.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2009. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2001–2003. Kaiser/HRET Employer Health Benefits Survey: 2001–2009.

Firms Offering a High-Deductible Plan, by Firm Size, California, 2009*



*No statistical difference between Small Firms and Large Firms.

Note: High-deductible plans have a deductible of at least \$1,000 for single coverage, and at least \$2,000 for family coverage.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

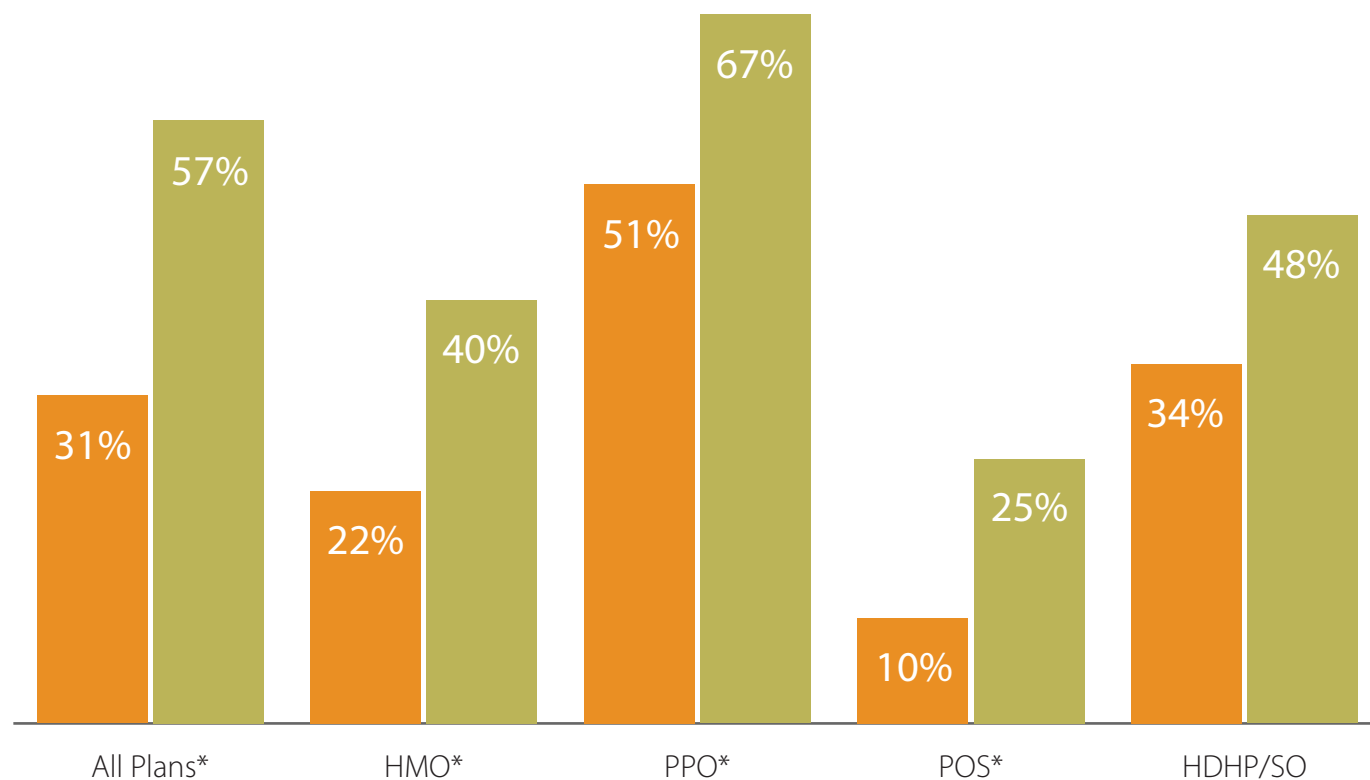
Forty percent of all California firms offered a high-deductible plan in 2009.

Two percent of firms offered an HDHP with an HRA, while 14 percent offered an HSA-eligible HDHP.

Employees in Self-Insured Plans, by Plan Type, California vs. the United States, 2009

California

United States



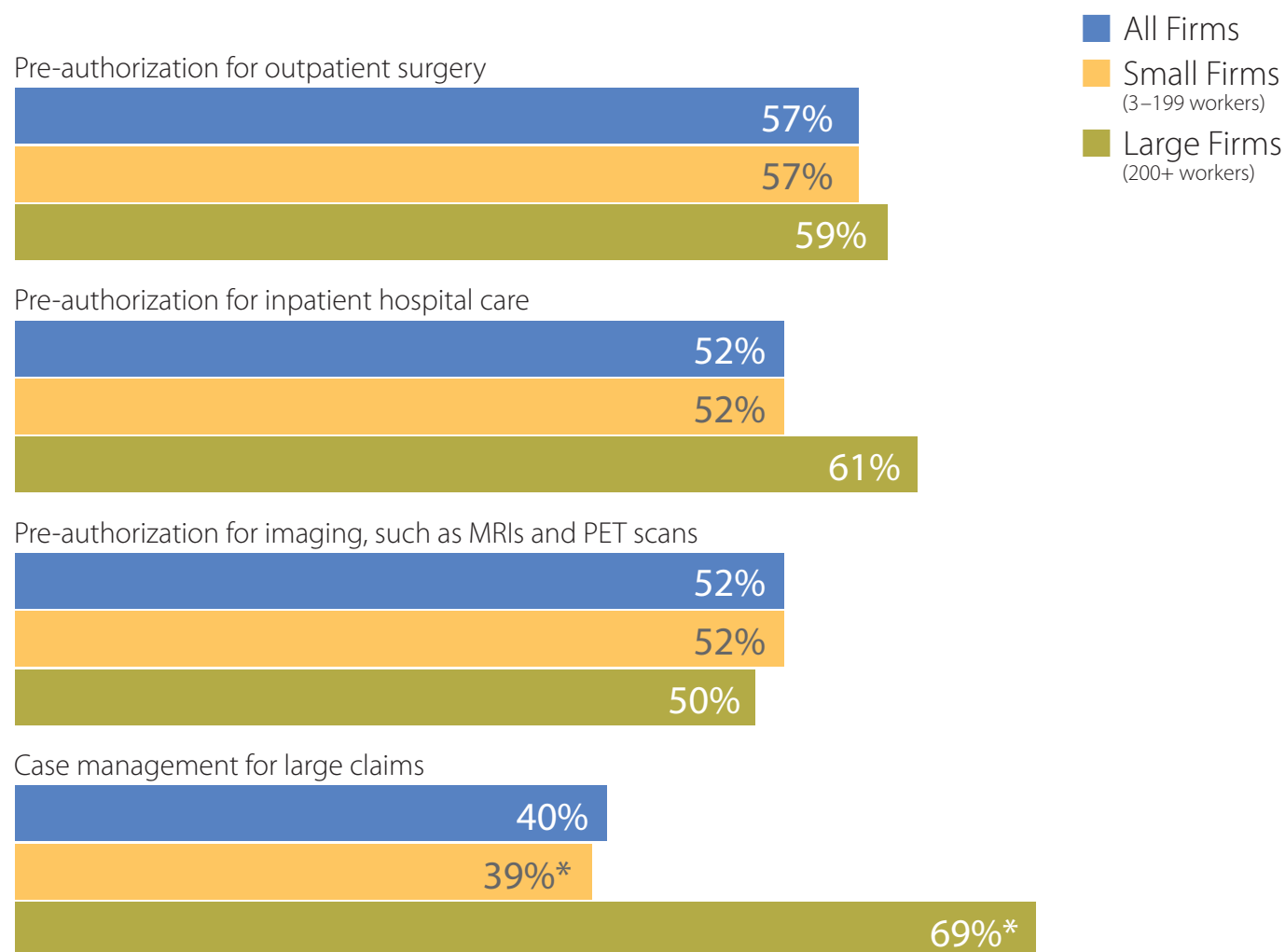
Thirty-one percent of Californians were enrolled in a partly or completely self-insured plan in 2009, compared with 57 percent nationally. The gap between the state and national figures is associated with California's high HMO enrollment, since HMOs are less likely than other plans to be self-insured.

*Statistical difference between California and the United States.

Note: In a self-insured plan, the employer assumes responsibility for paying health care claims rather than buying coverage from an insurer.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

Firms in Which Largest Health Plan Includes Utilization Management Provisions, by Firm Size, California, 2009



*Statistical difference from all other firms.

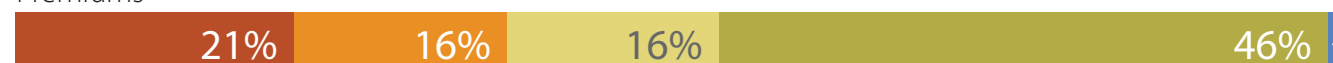
Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Utilization management provisions such as case management for large claims are common in California health plans.

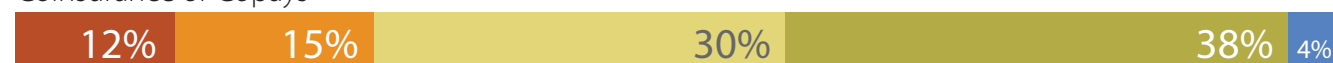
Likelihood of Firms Making Changes in the Next Year, by Type of Change, California, 2009

Very Somewhat Not Too Not at All Don't Know

Premiums



Coinsurance or Copays



Prescription Drugs



Deductibles



Restrict Employee Eligibility for Coverage



Drop Coverage Entirely



Offer High-Deductible with HRA



Offer High-Deductible with HSA

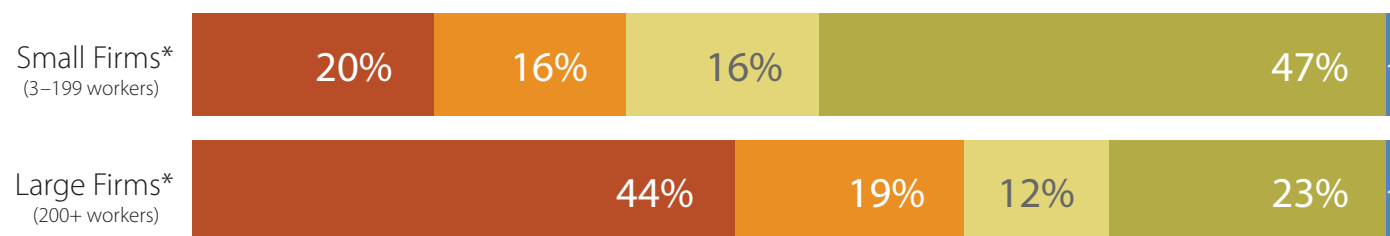


Six percent of California employers are “very likely” to drop coverage entirely in the coming year, compared to 1 percent in 2008.*

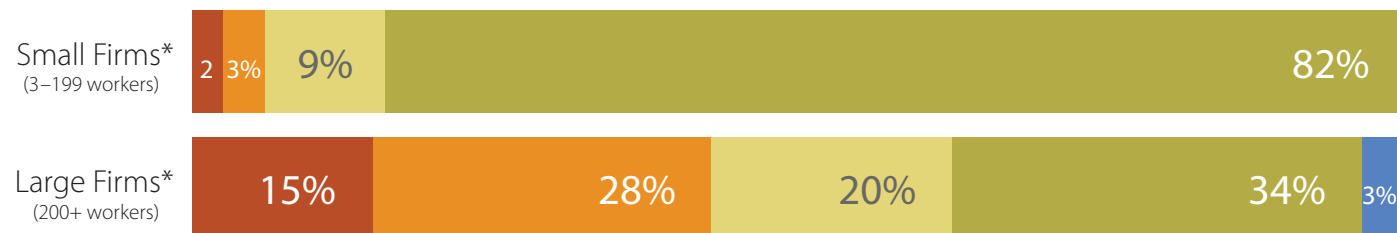
Likelihood of Firms Making Select Changes in the Next Year, by Firm Size, California, 2009

INCREASE THE AMOUNT EMPLOYEES PAY FOR...

Premiums



Coinsurance or Copays



■ Very
 ■ Somewhat
 ■ Not Too
 ■ Not at All
 ■ Don't Know

Forty-four percent of large California employers are “very likely” to increase the amount employees pay for health insurance premiums in the coming year, versus 20 percent of small firms.

*Statistical difference from all other firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Firms that Made Changes as a Result of Economic Downturn, by Firm Size and California Region, 2009

	REDUCED SCOPE OF HEALTH BENEFITS OR INCREASED COST SHARING	INCREASED WORKERS' SHARE OF PREMIUM
FIRM SIZE		
All Small Firms (3–199 workers)	14%	11%
All Large Firms (200+ workers)	17%	16%
• 200–999 workers	18%	15%
• 1,000+ workers	7%	23%
REGION		
Los Angeles	8%	8%
San Francisco	10%	12%
Rest of State	28%*	17%
All Firms	15%	11%

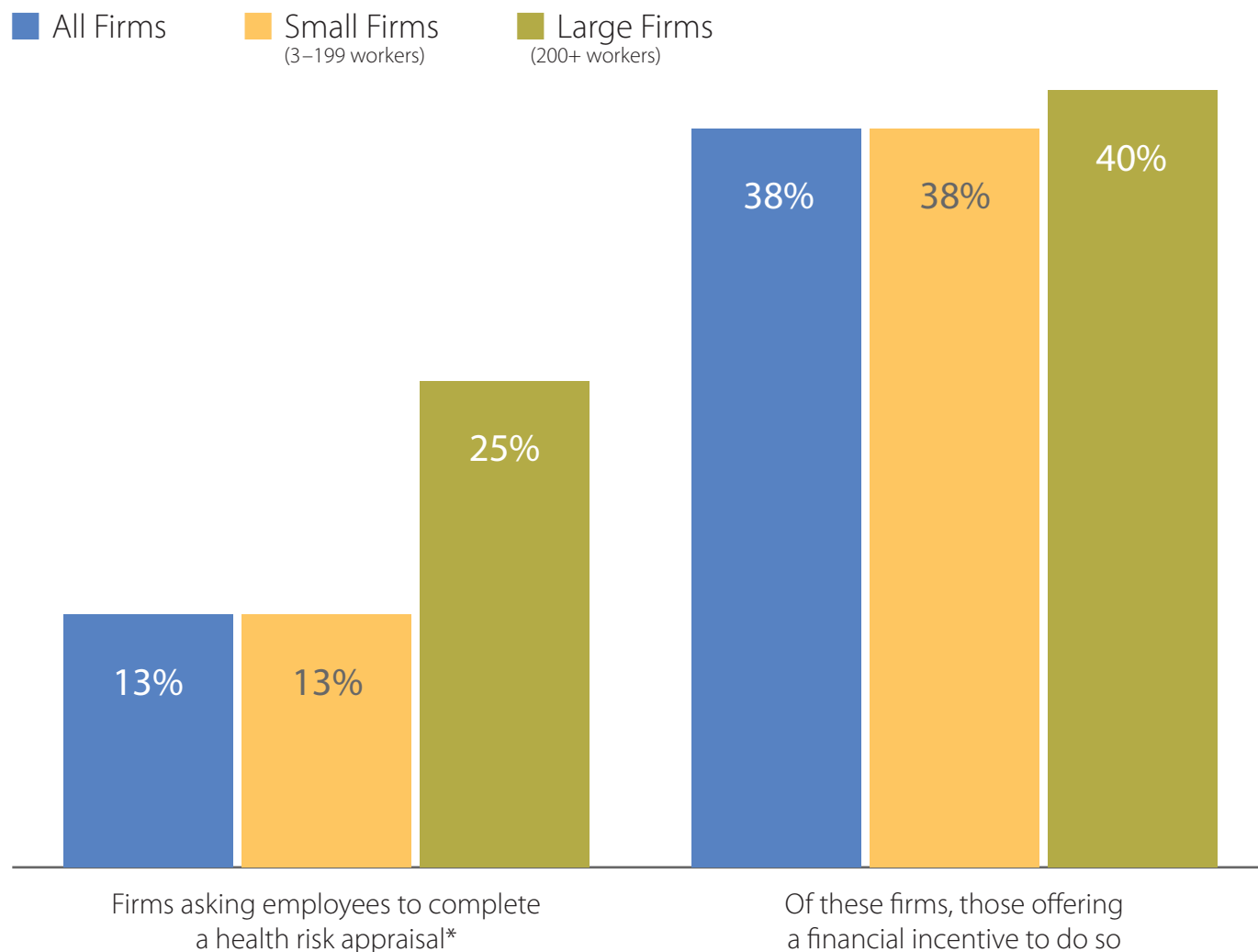
*Statistical difference from all other firms.

Note: Los Angeles and San Francisco are defined as the metropolitan statistical area (MSA).

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Fifteen percent of California firms reduced the scope of benefits or increased cost sharing in response to the economic downturn. Eleven percent increased workers' share of the premium.

Firms Inviting Workers to Complete a Health Risk Appraisal, and Percent Offering a Financial Incentive, by Firm Size, 2009

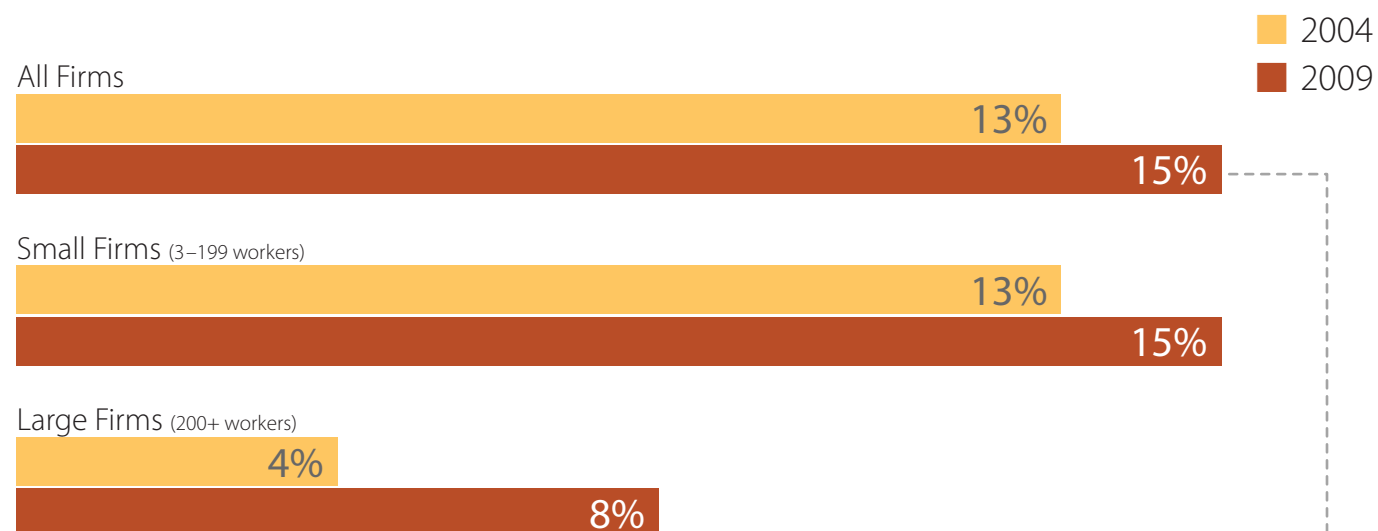


Thirteen percent of California firms invite workers to complete a health risk appraisal or assessment, with large firms being significantly more likely to do so. Well over a third offer a financial incentive.

*Statistical difference between Small Firms and Large Firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Firms that Vary Contribution to Family Coverage Based on Whether Other Family Members Have Access to Insurance, California, 2004 and 2009*



IF NOT, LIKELIHOOD OF DOING SO IN THE FUTURE

Very Somewhat Not Too Not at All Don't Know



Fifteen percent of California firms vary the premium contribution to family coverage based on whether other family members have access to health insurance.

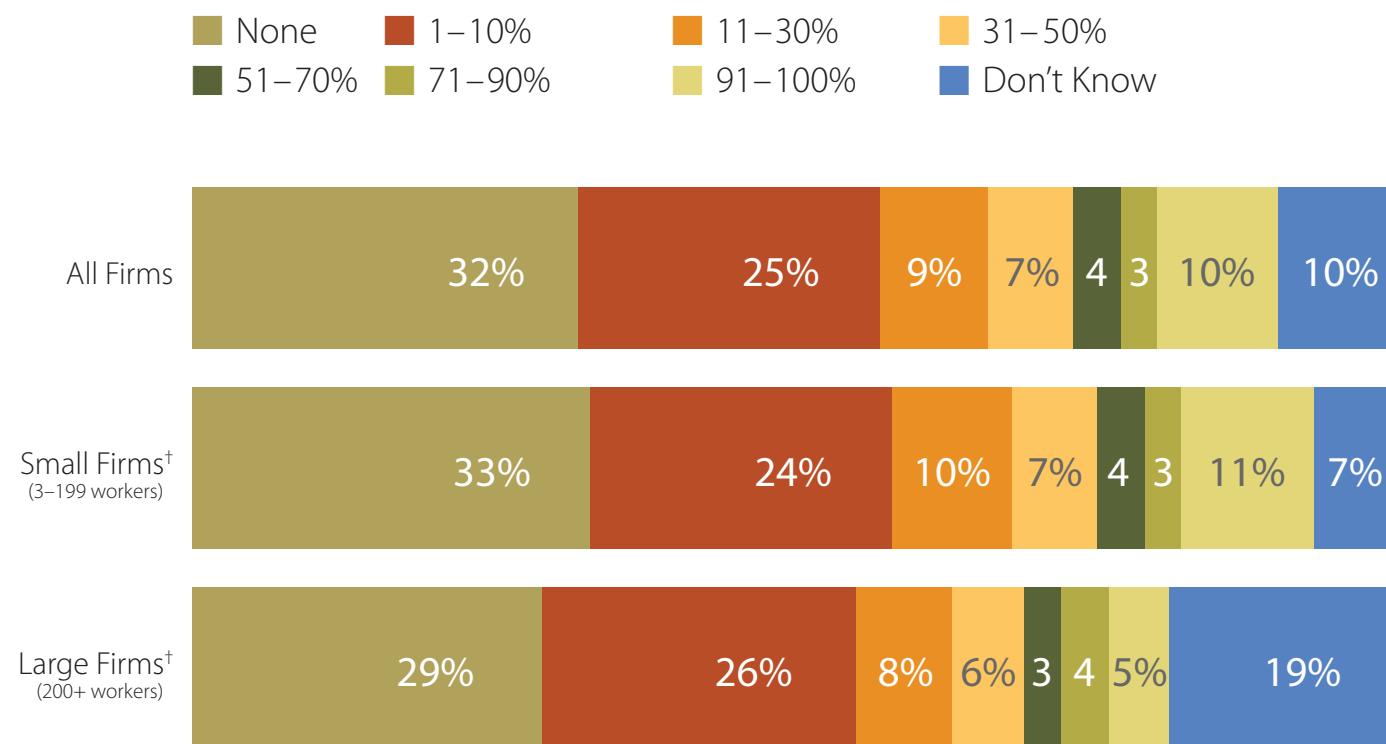
An additional 12 percent are "very" or "somewhat likely" to do so in the future.

*No statistical difference from previous year shown within firm size.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2009. CHCF/HRET California Employer Health Benefits Survey: 2004.

Use of Federal Premium Subsidies for COBRA,*

by Firm Size, California, 2009



Use of new COBRA subsidies is high. Fifty-eight percent of firms with at least one COBRA enrollee reported that some laid-off employees used premium subsidies to enroll in COBRA coverage.

*The Consolidated Omnibus Budget Reconciliation Act (COBRA) allows workers and other qualified individuals such as spouses and dependents to maintain employer-sponsored coverage after employment is terminated, at their own expense.

[†]Statistical difference from all other firms.

Note: These figures represent firms with 20 or more workers with at least one COBRA enrollee that have laid off at least one worker between September 2008 and the time this survey was fielded. The American Recovery and Reinvestment Act of 2009 provided a 65 percent federal subsidy for up to 9 months for workers who were involuntarily laid off from their jobs between September 2008 and December 2009 to enroll in COBRA coverage.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2009.

Methodology

The *California Employer Health Benefits Survey* is a joint product of the California HealthCare Foundation (CHCF) and the National Opinion Research Center (NORC). The survey was designed and analyzed by researchers at NORC, and administered by National Research LLC (NR). The findings are based on a random sample of 827 interviews with employee benefit managers in private firms in California. NR conducted interviews from April to July 2009. As with prior years, the sample of firms was drawn from the Dun & Bradstreet list of private employers with three or more workers. The margin of error for responses among all employers is +/- 3.4 percent; for responses among employers with 3 to 199 workers is +/- 4.6 percent; and among employers with 200+ workers is +/- 5.1 percent. Some exhibits do not sum to 100 percent due to rounding effects.

The Kaiser Family Foundation (KFF) sponsored this survey of California employers from 2000 to 2003. A similar employer survey was also conducted in 1999 in California, in conjunction with the Center for Health and Public Policy Studies at the University of California, Berkeley. The Health Research and Educational Trust (HRET) collaborated on these surveys from 1999 to 2004. The Center for Studying Health System Change collaborated on these surveys from 2005 to 2006.

This survey instrument is similar to a national employer survey conducted annually by the Kaiser Family Foundation and HRET. The U.S. results in this study are author calculations from the survey's public use files. A full analysis of the U.S. dataset is available on the Foundation's Web site at www.kff.org. Both the California and U.S. surveys asked questions about: Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Point-of-Service (POS) plans, and High-Deductible Health Plan with a Savings Option (HDP). Conventional (fee-for-service) plans are generally excluded from the plan type analyses because they comprise such a small share of the California market.

Many variables with missing information were identified as needing complete information within the database. To control for item non-response bias, missing values within these variables were imputed

using a hot-deck approach. Calculation of the weights follows a common approach. First, the basic weight is determined, followed by a survey non-response adjustment. Next, the weights are trimmed in order to reduce the influence of weight outliers. Finally, a post-stratification adjustment is applied.

All statistical tests in this chart pack compare either changes over time, a plan specific estimate with an overall estimate, or subcategories versus all other firms (e.g. firms with 3 to 9 workers vs. all other firms). Tests include t-tests and chi-square tests and significance was determined at $p < 0.05$ level. Due to the complex nature of the design, standard errors are calculated in SUDAAN.

An important note about the methodology: Rates of change for total premiums, for worker or employer contributions to premiums, and other variables calculated by comparing dollar values in this report to data reported in past CHCF or KFF publications should be used with caution, due to both the survey's sampling design and the way in which plan information is collected. Rates calculated in this fashion not only reflect a change in the dollar values but also a change in enrollment distribution, thus creating a variable enrollment estimate. However, rates of change in premiums are collected directly as a question in the California survey. This rate of change holds enrollment constant between the current year and the previous year thus creating a fixed enrollment estimate. Because the survey does not collect information on the rate of change in other variables, additional rates are not reported. The national survey conducted by Kaiser/HRET, however, stopped collecting directly rates of change in premiums in its 2008 survey. Therefore, the rate of change in total premiums in the United States provided in this report uses a variable enrollment estimate.

Please note that due to a change in the post-stratification methods applied in 2003, the survey data published in this chart book may vary slightly from reports published prior to 2003.

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**CALIFORNIA
HEALTHCARE
FOUNDATION**

California HealthCare Foundation
1438 Webster Street, Suite 400
Oakland, CA 94612
510.238.1040
www.chcf.org

NORC

National Opinion Research Center
4350 East West Highway Suite 800
Bethesda, MD 20814
301.634.9300
www.norc.org